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RESEARCH AND CONSULTING SERVICES

STUDY #3

FINAL REPORT ON THE ECONOMIC AND CULTURAL IMPACT OF THE CANADA-MANITOBA SUBSIDIARY AGREEMENT ON MANITOBA'S FILM, VIDEO AND SOUND RECORDING INDUSTRIES

Prepared for
The Evaluation Steering Committee
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Communications & Cultural Enterprises

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THIS IS ONE OF THE FOUR STUDIES THAT FORM PART OF THE EVALUATION OF THE CANADA/MANITOBA COMMUNICATIONS AND CULTURAL ENTERPRISES SUBSIDIARY AGREEMENT.

THIS STUDY WAS CONDUCTED BY PAUL AUDLEY AND ASSOCIATES FOR THE MANAGEMENT COMMITTEE OF THE SUBSIDIARY AGREEMENT. THE VIEWS EXPRESSED HEREIN ARE THOSE OF THE AUTHOR AND DO NOT NECESSARILY REPRESENT THE VIEWS OR POLICIES OF THE FEDERAL DEPARTMENT OF COMMUNICATIONS OR THE PROVINCIAL DEPARTMENT OF CULTURE HERITAGE AND RECREATION.

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EXECUTIVE SUMMARY

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PART I: INTRODUCTION

The broad purpose of this study is to assist the Governments of Manitoba and Canada in evaluating the programs established under the 1984 Canada-Manitoba Subsidiary Agreement on Communications and Culture to support the development of Manitoba's film, video and sound recording industries.

The support programs offered for these industries under the June 1984 Agreement have been established at different times. The Film Manitoba programs, funded by Manitoba under Component 6 were authorized in April, 1985 and began to operate in that year. The remaining programs for film and video, as well as the programs for sound recording, offered under federally and provincially funded Components 3 and 4, were given final approval in May, 1987, with support beginning to flow in Fall, 1987.

Funding of $3.25 million was approved for program support through Film Manitoba, with total funding of $6.9 million approved through Components 3 and 4 for film, video and sound recording.

The Cultural Industries Development Office, (CIDO), set up to deliver the Component 3 and 4 programs, opened officially in May, 1987 and began to provide financial assistance in November, 1987. CIDO also took over the administration of the Film Manitoba programs early in 1988.

In the case of the Film Manitoba programs, the evaluation had three full years of operating experience to assess; while in the case of the Component 3 and 4 programs it had just one full year. As of July, 1988, the most recent date of commitments reflected in this study, only 25 percent of Film Manitoba's funds had been committed and somewhat less of the production funds available through Components 3 and 4 (just 19 percent). The recent date of establishment of CIDO and the limited percentage of available funds so far committed are a constraint on this evaluation.

The report deals separately with film/video and with sound recording, taking account of both cultural and economic goals. The expansion of cultural industries production that is reflective of regions other than Ontario and Quebec has been recognized as a public policy objective which requires further attention.

PART II: FILM AND VIDEO

Prior to the 1984 Agreement, independent film and video production in Manitoba was limited, with total industry revenues of just $2.5 million, very little of which came from making either feature films or television programs. In 1983 the federal Broadcast Fund was established, administered by Telefilm

Canada, with funding of $250 million over five years, which was expected to generate $750 million in independent production. The CBC also announced its intention at that time to carry more independently produced Canadian programming, while the CRTC increased its requirements that private broadcasters carry such Canadian programs. In this context it was decided that steps should be taken to ensure that Manitoba shared in this expected boom in independent production.

Trends in the film and video industry in Manitoba can be summarized as follows:

- The volume of independent production has more than doubled, increasing from $2.4 million in 1983/84 to $5.7 million in 1987/88. There will be a substantial additional increase in 1988/89.

- CIDO was involved in 46 percent of all production in Manitoba in 1987/88. The aggregate budgets of productions which received Film Manitoba/CIDO assistance increased from $686,486 in 1985/86, the first year in which Film Manitoba assistance was available, to $1,108,920 in 1987/88 -- an increase of 62 percent over two years.

- As a percentage of the total budgets of productions assisted by CIDO/Film Manitoba, support from Telefilm Canada increased from zero percent in 1985/86 to 44 percent in 1987/88.

- Since the ERDA programs came into effect in 1985, film and video production in Manitoba has increased at the same rapid rate as Canadian production nationally, beginning to share in the boom in Canadian production which started in 1983. Without the ERDA initiative this would not have happened.

- Direct employment in the industry increased from 45 person years of employment in 1983/84 to 98 persons years in 1987/88.

- The combined direct and indirect impact of the Manitoba film and video production industry in 1987/88 was $13.7 million in output and the industry generated 163.7 person years of employment, of which 98 were direct and 65.7 indirect.

In 1987/88, the most recent year for which complete data are available, CIDO/Film Manitoba provided $542,578 in production assistance. The incremental impact of this ERDA funding is estimated as follows:

- An additional $2.5 million in production activity in 1987/88, and a direct and indirect contribution to the economy of $5.2 million.

- An additional 65 persons years of employment (38.9 direct and 26.1 indirect).

On a cumulative basis, over the three full years the programs have been in effect (1985/87 to 1987/88), support provided through CIDO/Film Manitoba (including production assistance, script and project development, marketing and training) was $1.6 million and that support generated an estimated $9.1 million in incremental output and 117 additional person years of employment.

Market revenues included in the original financing structure of productions have been increasing steadily. All such market revenues have come from television, with the CBC accounting for 81 percent of a total of $580,000, private conventional broadcasters for 15 percent, and pay television for four percent. Additional market revenues may be earned after the completion of production, although such revenues are not usually substantial for Canadian television programming. The fact that the license fees paid by Canadian broadcasters cover only a limited share of production costs is not unique to Manitoba producers and has received continuing attention from national industry associations, as well as being addressed extensively in the 1986 Report of the federal Task Force on Broadcasting Policy and the 1988 Report on broadcasting policy of the House of Commons' Standing Committee on Communications and Culture.

The following decisions taken by the federal government in 1988 provide a radically altered policy environment within which to evaluate the potential for strengthening independent production in Manitoba:

1. The Broadcast Fund has been extended beyond its original five year term and specifically has been confirmed as an on-going federal government commitment.

2. In announcing a new broadcasting policy on June 23, 1988 the federal government committed a total of $250 million in new funding over the four year period 1988/89 to 1991/92, primarily to strengthen Canadian programming on television through increased funding of Telefilm and of CBC (now the major market for independent Canadian television producers). The new broadcasting policy included, in addition to the $250 million, a commitment to "help fund the start-up and operation of an Alternative Programming Service"; as well as new legislative and regulatory approaches intended to increase private broadcasters' expenditures on Canadian entertainment programming.

3. Through its new film policy initiatives announced in May, 1988 the federal government announced that it would also provide $200 million in new money over the five year period from 1988/89 to 1992/93 "to assist in financing the production and distribution of Canadian films, particularly those that merit special support:

- distinctly Canadian feature films;
- regional productions; and
- French-language productions."

The new film policy included the announcement of a legislative initiative intended to strengthen Canadian film and video distributors and enhance the position of Canadian productions in the market.

It is within this context that decisions must be made about the future of the Canada-Manitoba initiative to strengthen film and video production in the province.

To the extent that assistance has been provided to the industry in Manitoba, the result has been to substantially expand production activity, and to begin to successfully lever funds from other sources, particularly Telefilm Canada. The resulting productions have achieved increasing success in penetrating the market. Based on the progress documented in this study it, therefore, appears reasonable to believe that the continuation of support will meet with success. Manitoba producers will continue to require assistance such as that provided through CIDO/Film Manitoba.

Among the key additional recommendations made in this report are the following:

- The existing Agreement should be extended to March 31, 1992, with an assessment being carried out in 1991 as a basis for a decision on how to proceed beyond that date.

- Sufficient funding should be allocated to permit $7.6 million to be made available for film and video support programs under the Agreement between 1989/90 and 1991/92. (Part of this funding is still available from the original allocation under the 1984 Agreement.)

- Funding of Component 3, 4 and 6 programs during the extension period should be based on an agreed overall division of the federal and provincial financing, with the Management Committee permitted to adjust the allocation of funds among the programs.

- Pursuant to the integration of financing arrangements a common set of guidelines should be developed for programs provided through CIDO, replacing the separate CIDO and Film Manitoba guidelines and taking account of the comments and proposals concerning existing programs contained in this report.

The report presents a series of more detailed administrative and program proposals related to existing operating practices and program guidelines.

PART III: SOUND RECORDING

The strength of the Manitoba sound recording industry is the creative individuals who write, perform and record music. Manitoba is recognized in the Canadian music industry as a province with a very strong music tradition and a record of producing successful recording artists and songwriters.

To date, Manitoba has not developed a fully integrated sound recording industry, although many of the elements are in place to varying degrees. At present, the development of independent record companies with rosters of commercially successful artists or acts whose records are marketed and distributed on a national basis has been extremely limited. However, record companies play a pivotal role in the music industry.

The most recent data available for independent record companies are for 1986/87. In that year it is estimated that total revenues were $500,000; there were seven full-time staff and eight sound recordings were released. The industry has grown significantly since that time, although precise data are not available.

Under Components 3 and 4 of Sector B of the Agreement, nine programs of support to the sound recording industry have been established, of which five are specific to the sound recording industry (production and marketing) and four (training and equipment) available to both film and video and sound recording.

The total budget authorized for the five programs specific to the sound recording industry is $1.110 million. Assistance through these programs, which are administered by CIDO, did not become available to the industry until September, 1987. As a result the Statistics Canada data concerning the industry which are presented above do not reflect at all the impact of the Agreement.

While programs of support to publishing and the film and video industry began to be offered in 1984/85 and 1985/86 respectively, the programs of support to sound recording had been in place only a year when research for this evaluation was carried out. As a result, there is only a limited basis for judging their effect on the sound recording industry.

The first sound recordings supported through the ERDA programs were not scheduled to be released until late 1988 or early 1989. As a result no data are available concerning the critical or market responses to these recordings.

This evaluation provides an overview of the programs, a review of their impact so far on production and marketing activity based on CIDO records and other information and comments on the strategy being pursued to strengthen the industry. The study recognizes that, since the Agreement was signed in 1984, the federal government has established, (in 1986), the Sound Recording Development Program, through which complementary assistance is available.

To October 31, 1988 the projects approved under the ERDA Recording Production Fund involved an expenditure of $308,099. Of this amount, $121,627 had at that time actually flowed to program recipients, only 11 projects had been completed and none had been commercially released.

Based on the limited information available at present the following estimates of expected impact can be provided:

- The $500,000 allocated to the Recording Production Fund will generate $1,120,000 in sound recording activity in Manitoba, resulting in a very positive impact on Manitoba sound recording studios.

- Projects approved for funding include projects involving native and francophone artists, consistent with the goals of the Agreement.

Under the "Demo Recording Fund" 55 demo projects had been contracted or approved up to October 31, 1988, with total ERDA contributions of $109,737 and production budgets, including funds from other sources, of $203,850. Demos are essentially inexpensive recordings of not more than three or four songs which are used by artists to attract the interest of record companies, record producers and music publishers. It is too early to assess fully the impact of this program; however, a survey conducted by CIDO (November 15, 1988) suggests the program is having a positive impact on the careers of Manitoba artists.

Manitoba projects have had limited success so far in gaining access to the federal funds available from the Sound Recording Development Program through FACTOR and MusicAction. To a significant degree this reflects the very high demand for these funds with just 12 percent of applications for production assistance submitted to FACTOR in 1987/88 being funded.

The limited period of operation of the ERDA sound recording programs makes it too early to formulate recommendations for any substantial changes, although some relatively minor amendments to existing program guidelines are suggested. However, some more general suggestions concerning the direction of the program in the future can be offered.

There is no doubt that the ERDA programs will increase the production of sound recordings in Manitoba. However, the real tests of the program will include:

- the extent to which ERDA-assisted sound recordings receive adequate distribution and marketing in Manitoba and the rest of Canada; and

- the extent to which the production of ERDA-supported sound recordings provides a basis for building the industry itself, particularly Manitoba-based record production companies and independent labels.

The principal recommendations made in relation to the sound recording program are as follows:

- That the sound recording programs provided under the Agreement be extended to March 31, 1992, with an evaluation carried out in 1991.

- Sufficient funding should be made available to permit CIDO to make available $600,000 in 1989/90, $660,000 in 1990/91 and $725,000 in 1991/92 through the sound recording programs.

- CIDO should direct greater attention to assessing the potential of applicants to both market sound recordings and to gain national distribution. Applicants should be encouraged to make marketing and distribution arrangements prior to production.

- CIDO should begin to develop a strategy for encouraging the development of record production companies and independent labels in Manitoba.

PART IV: CONCLUSIONS AND SUMMARY OF RECOMMENDATIONS

The total level of funding proposed for all CIDO programs in film and video, and in sound recording, plus administrative costs, is $2.916 million in 1989/90, $3.208 million in 1990/91 and $3.524 million in 1991/92. Every effort should be made to ensure as well the essential on-going co-operation of the federal cultural agencies and programs.

The extension of the Agreement proposed in this report would permit a full five years of program assistance to be delivered to these industries before further decisions are made as to appropriate longer term policy.

Part IV of the report provides a full list of all recommendations presented in the text.

PART I

INTRODUCTION

PART I

INTRODUCTION

1.0 SCOPE OF THE STUDY

1.1 Purpose of Evaluation

The broad purpose of this study is to assist the Governments of Manitoba and Canada in evaluating the programs established by the two governments under the 1984 Canada-Manitoba Subsidiary Agreement on Communications and Culture (the Agreement) to assist in developing Manitoba's film, video and sound recording industries. The study includes the presentation of factual information concerning the support programs which have been offered to these industries and their impact, as well as an analysis of the appropriateness and effectiveness of these programs to achieve the objectives set out in the Agreement. Proposals are included which would improve the effectiveness of these programs in the future.

Within that broad framework, the report is designed to achieve the following more specific goals, as set out by the Evaluation Steering Committee in its Request for Proposals (RFP):

a) to develop profiles of Manitoba's film/video and sound recording industries;

b) to determine the principal issues and opportunities facing these industries;

c) to assess the actual and anticipated cultural and economic impact of the Agreement on cultural enterprises in these sectors;

d) to ascertain the compatibility of the programs in place with the needs of the industries;

e) to determine the cultural impact of the programs with respect to increased accessibility and diffusion of cultural products;

f) to see whether the programs are being managed in a way that ensures fast and effective delivery of support; and

g) to formulate any recommendations for program changes deemed necessary based on research findings.

The report reflects as well the 26 specific evaluation questions identified in the RFP. An attempt has been made to be as precise as possible in responding to each of these questions.

1.2 The Film Manitoba and CIDO Programs

The actual support programs offered under the June 1984 Agreement have been established at different times over the past four and a half years. The programs were set up within three of the components of the Agreement:

Component 3. Film, Video and Audio Production Capability
Component 4. Skills Development Facilities/Activities
Component 6. Cultural Enterprises Development

The original funding proposed for these three components for the period 1984-89 was:

	Federal Share ($000's)	Provincial Share ($000's)	Total 5 Years ($000's)
Component 3	3,925	600	4,525
Component 4	2,050	300	2,350
Component 6	--	6,075	6,075
Totals	5,975	6,975	12,950

Action was taken first within Component 6 to establish support programs for the film/video and publishing industries. The breakdown of the funding approved was as follows:

	($000's)	% of Total
Publishing Program Support	1,500.0	(25%)
Film/Video Program Support	3,250.0	(53%)
Administration	1,325.0	(22%)
Total	6,075.0	

The specific guidelines for the Film Manitoba program were developed in the Fall of 1984. After review by the Agreement's Management Committee and Treasury Board approval, the Film Manitoba programs were authorized in April, 1985 and began to operate that year. Responsibility for their operation was given to the Cultural Industries Branch of the Manitoba Department of Culture, Heritage and Recreation. No funds were set aside from Component 6 for the sound recording industry.

The Film Manitoba program approved included four components:

1. Script and Project Development
2. Production
3. Marketing
4. Administration

Components 3 and 4 were the subject of a twelve month process of review by the external Advisory Committee on Film, Video and Audio, which was not appointed until January, 1985. The Advisory Committee reported in January, 1986, 18 months after the Agreement was signed and nine months after the establishing of Film Manitoba. The recommendations of the Advisory Committee were then the subject of further industry consultations carried out by the Steering Committee for Components 3 and 4, which was established by the Management Committee responsible for the Agreement. Issues related to the Advisory Committee are addressed separately by Epstein Associates Inc. in Study #1 of the evaluation process.

As a result of the Steering Committee's consultations, program guidelines for components 3 and 4 were approved by the Management Committee in May, 1986. The allocation of funds among the various programs differed substantially from that recommended by the Advisory Committee, although the programs themselves were not fundamentally changed. While the Advisory Committee had proposed that most of the funds go to training programs, the Steering Committee, based on further industry consultation, proposed that most of the resources go to support production. Final approval of the project authorization containing the guidelines for Components 3 and 4 was not given by the Management Committee until a year later, in May, 1987.

The funds approved for the Component 3 and 4 initiatives were as follows:

Programs	Federal Share ($000's)	Provincial Share ($000's)	Total ($000's)
Production Support	3,240	485	3,725
Production Marketing	390	60	450
Location Marketing	365	55	420
Training	652	98	750
Equipment Support	170	30	200
Administration, Operations & Reserve	1,158	172	1,330
TOTAL	5,975	900	6,875

In the meantime during the period from May, 1986 to March, 1988 the following implementation measures were taken:

October, 1986	--	Federal Treasury Board approval of a contribution agreement
March, 1987	--	Incorporation of Cultural Ventures Program Inc. to administer programs
	--	Establishment of Cultural Industries Development Office (CIDO) announced (to be run by Cultural Ventures Inc.)
May, 1987	--	CIDO officially opened
	--	Manitoba Treasury Board approval of changes to Film Manitoba guidelines
June, 1987	--	Federal government signs contribution agreement with Cultural Ventures
December, 1987	--	Manitoba Treasury Board approval of provincial contribution to CIDO and relocation of Film Manitoba to CIDO.
March, 1988	--	Contribution agreement signed between Manitoba and Cultural Ventures

Through this very lengthy process, there was exhaustive consultation with the industry. Consultation occurred when the original Film Manitoba guidelines were being developed as well as through the Advisory Committee on Film, Video and Audio, and the Steering Committee. Once CIDO was established the Management Committee approved the establishing of the Advisory Committee on Film, Video and Sound Recording to advise CIDO and the Management Committee. The Advisory Committee met for the first time in May, 1988.

Once the necessary approvals were given the staffing and setting up of operations within CIDO proceeded with commendable speed. While in the assessment that follows some proposals are made for improving CIDO procedures and policies, these comments should be seen within a general context of approval of the speed and efficiency with which CIDO was able to begin responding to applications for assistance. CIDO was made responsible for administering all of the funds allocated for film and video, with the exception of $290,000 designed for studies, including those related to establishing an animation centre and location marketing, as well as a reserve for audits of CIDO.

1.3 Context of Evaluation

As the background information above indicates, with the exception of the Film Manitoba program, support to the film/video and sound recording industries did not begin to flow until relatively recently. Under Component 6, the Film Manitoba program has been making support available to the film/video industry since early in fiscal 1985/86. There are, therefore, over three full years of operational experience with the Film Manitoba programs which can be assessed.

In the case of Components 3 and 4, however, financial assistance to the industry was not available until fiscal 1987/88, with the first financial assistance only flowing to recipients in the Fall of 1987, more than three years after the Agreement was signed. As a result, for these components this study has had only one year of program operation to assess.

The limited scope of the evaluation is equally evident if one looks at the proportion of program budgets which have been spent. Most of the assessment carried out for this study reflected commitments made up to July, 1988 (although where possible more recent data has been included). However, as of July, 1988 Film Manitoba had a balance of uncommitted funds which represented 75 percent of its original program budget. The Component 3 and 4 programs, as of the same date had uncommitted balances as follows:

Production Support	81%
Film/Video Marketing	66%
Training/Equipment	74%
Locations	75%

To a considerable degree even the funds which have been committed have not yet fully produced the benefits anticipated. Expenditures on developing scripts and projects in film and video, for example, are only valid to the extent that the projects proceed into production. However, the development process can be a lengthy one, particularly for ambitious projects and, as a result, one can at this stage only make judgments based on interview evidence as to whether projects which have received development funding recently from Film Manitoba or CIDO are likely to proceed into production. The same difficulty exists in sound recording, in judging to what extent "demo" tapes funded by CIDO will result in commercially released recordings. Training and professional development expenditures also do not produce instant results; but rather have their effect in the medium to long term.

Throughout this report a systematic attempt has been made to be clear about the extent of hard, factual evidence available as a basis for evaluation. In carrying out the study an attempt has been made to supplement financial and statistical information with extensive analysis from interviews.

Attention has been given as well to the changes in the environment within which Manitoba production activity occurred in these sectors over the period since the Agreement was signed. These include a substantial expansion in Telefilm Canada support, the establishing of the federal Sound Recording Development Program, and other changes in federal policy, including CRTC regulatory measures, CBC policy changes, tax policy changes, and so on. To the extent that such changes are pertinent to the design of the ERDA programs, or the likely success of Manitoba's film/video and sound recording industries, they are dealt with in this report.

1.4 Structure of the Report

The film and video industry is quite separate from Sound recording; and, as a result, in the body of this report the two are dealt with in separate sections, headed Part II and Part III. Each of these sections includes an overview of the industry, which provides background and profile information concerning that industry, and then describes and assesses the impact of the support programs established under the Agreement. Each section then examines the relationship between the Agreement programs and other government support programs for the industry concerned, and proposes possible adjustments to the programs in the context of an assessment of the potential for further growth. Part IV of the Report provides a summary of the recommendations related to film/video and sound recording.

1.5 Public Policy Objectives

The cultural industries have always been viewed as having a value that goes beyond their economic and industrial significance. The 1987 federal Department of Communications policy paper Vital Links: Canadian Cultural Industries reflects this recognition, beginning with a chapter on "Culture in Canadian Society". The Preface to Vital Links notes that, in taking initiatives to strengthen the cultural industries:

> Our reasons are more cultural than industrial. These industries are the principal conveyors of Canadian culture to Canadians; they are the main investors in and developers of our cultural potential. Without a normal measure of financial predictability for such industries, our cultural development will suffer, as will our voices, our collective strength as a country and indeed the quality of our lives.

The same perspective was reflected more recently in a 1988 federal policy statement Canadian Voices, Canadian Choices: A New Broadcasting Policy for Canada. This document contains the statement that:

> It is of fundamental importance to our political and cultural sovereignty that our broadcasting system be an accurate reflection of who we are, of how we behave, of how we view the world. It plays a major role in defining our national, regional, local and even our individual identities. It is, therefore, much more than just another industry.

Canadian Voices, Canadian Choices also notes specifically as one of the weaknesses of the current broadcasting system the fact that "There is ... a lack of programming ... reflecting the regions." The policy statement expresses support for the CBC's plans to move towards increasing the amount of regional programming to be seen on the national network and for the creation of alternative programming, stating that "The Government of Canada fully

supports the idea of providing alternative programming and intends to make it a reality". With respect specifically to the creation of an English-language alternative programming service, the policy statement says that "The programming mix of this service should include ... major contributions from Canada's regions".

This statement of federal broadcasting policy is directly relevant to this evaluation study, since the context of radio programming is primarily recorded music, while the content of television includes film and video productions such as those being supported through Film Manitoba and CIDO. Both Vital Links and the 1988 broadcasting policy view the development of Canadian cultural industries and products, including activity within all regions of Canada, as an imperative in relation to the culture and identity of Canada as a whole and all of its provinces and regions.

The Province of Manitoba has also recognized the artistic and cultural value of the cultural industries, as well as their importance to the diversification and development of the provincial economy. The July 21, 1988 Speech from the Throne noted that "We have in Manitoba a vibrant and dynamic society in which diversity and creativity are valued and encouraged" and recognized the important role played by the cultural industries.

The objectives established for this study include an assessment of both cultural and economic impact. On the cultural side, the goals have been broadly defined to reflect popular expression as well as programs and productions of more specific interest. The terms of reference for the study make it clear that there is not simply a concern with the amount of production that is occurring, but with what is being produced. For example, there is a concern to examine the extent to which production is occurring in French as well as in English, and to examine the degree to which the native population in Manitoba has been assisted in production activity.

In this study we have tried to given attention to the nature of what has been and is being produced through the assistance provided under the Agreement. Nevertheless, this evaluation inevitably relies heavily on statistical data to assess trends in the sound recording and film/video industries and to examine the impact of the Film Manitoba and CIDO programs. While this approach permits a reasonably precise and careful assessment of economic impact, it does not provide for a full assessment of cultural impact.

To assess fully the cultural impact of the Agreement would require that this study incorporate a review of all of the film and video productions carried out, and of the demo tapes and records produced. While this is not possible, and would in any event lead to contentious judgments there is, of course, a sense in which those reviewing the Agreement and considering a course of action for the future must come to terms with the quality and character of what is being produced. Relying largely on secondary evidence we have attempted to assist in that judgement without pretending to have carried out a comprehensive, critical cultural assessment.

The principal reason for stressing here the cultural side of the assessment is to offset the emphasis on economic and statistical data which characterizes

much of the rest of the report. The film/video and sound recording industry do generate substantial economic benefits and that aspect of the Agreement's impact is much easier to document. For Manitoba, the growth of these industries represents a significant opportunity to expand and diversify the provincial economy. The anticipated economic benefits were an important factor in the establishing of the Agreement, and this report documents the results of these programs in relation to the economic and industrial objectives originally set.

2.0 METHODOLOGY

2.1 Data Sources

Data used in this report are drawn from a number of sources. The primary source of information was the records and files of Film Manitoba and CIDO. However, this information was supplemented and systematically checked against information from Telefilm Canada, FACTOR and the Sound Recording Development Program, the CBC, private broadcasters, Statistics Canada, and, to a limited extent information from individual producers, where this was necessary to complete coverage of the industry. Throughout the text the sources of information are indicated.

In the case of Statistics Canada, special data was run for this study. On a confidential basis Statistics Canada also provided access to the list of survey respondents in order to assist in the process of eliminating double counting when developing estimates of total activity in the province.

2.2 Interviews and Document Review

Interviews were conducted with most of the recipients of production support through Film Manitoba and CIDO. In the case of recipients of support through the non-production components of these programs, interviews were carried out with a representative sampling of other recipients of support. Interviews were also conducted with all individuals involved in the management of the programs, with representatives of the DOC and Manitoba's Department of Culture, Heritage and Recreation, as well as with representatives of other agencies involved in providing support to Manitoba's film/video and sound recording industry. In order to better understand the market for Manitoba productions, interviews were also conducted with representatives of the CBC and private broadcasters. Most interviews were between one hour and two hours in length. Interviews with francophone individuals were conducted in French.

In developing the list of interviewees the staff of CIDO was consulted, as were representatives of the Evaluation Steering Committee. A list of individuals interviewed for this study is annexed as Appendix A.

An extensive review was also carried out of the files in CIDO, the offices of the Manitoba Department of Culture, Heritage and Recreation and the regional office of the federal Department of Communications. These files included reports carried out on the process of developing the Film Manitoba and CIDO guidelines. Other documents reviewed included information, reports and studies prepared for, or released by, Telefilm Canada, the SRDP and FACTOR, as well as information provided by the CBC and private broadcasters, and individual producers.

2.3 Assessment of Incrementality

Central to any program evaluation is a judgement of the extent ot which the program has resulted in activity additional to that which would have occurred if the program had not existed. In making such an assessment it is, of course, necessary to consider the impact of other factors which might account for any increase in activity which may be observed.

Incremental impact is looked at separately for the sound recording and film/video industry. In each case the text documents first the changes which have occurred in the industry over the past five years, including an examination of levels of production activity, revenue changes, levels of public support by source, and so on. Secondly, an overview is provided of the support offered through the programs run under the Agreement, followed by an analysis of each sub-program or component which identifies the extent to which each has affected industry growth and access to other sources of support. Finally, in the case of both the film/video and sound recording industries we provide an assessment of the extent to which expansion in the industry has been a result of support provided through the ERDA Agreement. As already indicated, this assessment is constrained by the lengthy delays which occurred in implementing programs under the Agreement. These findings provide the basis for an assessment of the future needs of these industries and the impact of assistance which might be provided in the future.

PART II

FILM AND VIDEO

PART II

FILM AND VIDEO

3.0 OVERVIEW OF INDUSTRY DEVELOPMENT

3.1 Background

As part of the process of developing a policy for the film and video industry in Manitoba the provincial department responsible for the industry (at that time the Department of Cultural Affairs and Historical Resources) carried out a survey in 1983. That survey, which covered twelve production companies based in the province found that the total revenues of these production companies was $2.5 million in 1982 and had fluctuated over the five year period which ended in 1982.

Statistics Canada data for the previous year indicated that over 90 percent of the industry's revenues came from making commercials and industrial or educational films. The companies surveyed had only a very limited involvement in either the feature film or television program production industry. The profile of the production industry which was produced at that time indicated as well that Manitoba's production industry had been able to make only sporadic use of the Capital Cost Allowance (CCA) incentive for film in the period 1975 to 1982. During that period the CCA was the major federal policy initiative to stimulate independent Canadian film and video production and, at the national level, the incentive had resulted in combined production budgets in excess of $200 million in 1979 and 1980.

The CCA boom in Canadian production ended, however, with dramatic speed in the early 1980's; and was a major factor precipitating a fundamental shift in federal policy toward Canadian production. The changes which occurred included the setting up of the Canadian Broadcast Program Development Fund in July, 1983 to provide direct financial assistance to producers of drama, variety and children's programming for television. The Fund, which was originally approved to run for five years was to have total financing of over $250 million over that period, triggering at least $750 million in production. CBC policy also changed in 1983 to direct more resources to purchasing programs from Canadian producers, rather than relying heavily on "in-house" production. The CRTC also began to reorient its Canadian content regulations in order to require private broadcasters to commit more resources to Canadian programming, and to exhibit, especially in private English television, more Canadian entertainment programming.

It was in this context that the 1984 ERDA Agreement was negotiated and signed. It had as one of its goals ensuring that, as independent Canadian production expanded at the national level, a reasonable percentage of that activity occurred in Manitoba.

Since the ERDA Agreement was signed the Broadcast Fund has been confirmed as an on-going federal program, and the 1988 federal broadcasting policy has added $18 million to its funding, bringing total annual support to $81 million. In addition, a renewed emphasis at the federal level on theatrical feature films led to the creation of the Feature Film Fund in 1986, with annual funding of $33 million. More recently, the 1988 film policy announced by the federal government provided an additional $200 million over the next five years, mainly through Telefilm and the NFB, to support primarily feature film production.

With respect to broadcasting the CBC's English-language network has also announced that it will increase to 95 percent the level of Canadian content in prime time on the network, relying more on productions made outside Toronto and Montreal. CBC received $20 million annually to assist in reaching this goal, as well as $15 million to increase the budgets of Canadian productions on its French network. In renewing the CTV and Global networks the CRTC has recently also imposed increased requirements for Canadian programming in peak viewing time and requirements for greater expenditures on Canadian entertainment programming. In renewing the licences of private television stations the CRTC is also expected to give attention to ensuring greater commitments to Canadian programming. The applications of the private stations in Manitoba were dealt with at public hearings in the Fall of 1988 and licensing decisions are expected in the near future. The implications for Manitoba producers are looked at later in this report.

All of these changes result in increased support and increased demand for Canadian film and video productions. However, it must also be recognized that the CCA incentive has been changed to reduce its effectiveness, and the result, unless some alternative incentive is implemented is generally expected to be reduced levels of private investment in Canadian productions. As indicated later in this report, such investment has not yet played an important role in the financing of Manitoba productions and the implications of this change involve much more the loss of a potentially important future source of funding than of an established existing source.

3.2 Trends in Production Activity

3.2.1 Production Activity in Manitoba

Over the period 1983/84 to 1987/88 the volume of independent production being carried out in Manitoba more than doubled, increasing from $2.4 million in 1983/84 to $5.7 million in 1987/88. As Table 1 indicates, most of this 134 percent increase occurred outside the categories of TV commercials and sponsored industrial and educational productions in which the industry had previously specialized. By 1987/88 only 54 percent of industry activity was accounted for by commercial and sponsored production. In addition, by 1987/88 35 percent of all production in the province involved CIDO/Film Manitoba assistance. If one includes the American production in which CIDO's location service was involved then CIDO was involved in $2.6 million, or 46 percent of

TABLE 1

ESTIMATED INDEPENDENT FILM AND VIDEO PRODUCTION ACTIVITY
IN MANITOBA (1), 1983/84 TO 1987/88
($000's)

	1983/84	1984/85	1985/86	1986/87	1987/88
Sponsored Production: TV commercials & industrial/educational production (2)	1,924	e 2,020	1,982	e 2,602	e 3,100
Manitoba TV Programs and Features (3)					
- F.M./CIDO Assisted	n/a	n/a	686	956	1,166
- Other	516 (4)	43	30	300	--
-Sub-total	516	43	716	1,256	1,166
Out-of-Province (5) Canadian Production (CIDO assisted)	--	--	--	--	833
U.S. Production	--	--	--	--	600
TOTAL	2,440	2,063	2,698	3,858	5,699

Source: Estimates by Paul Audley & Associates Ltd. and based on data provided by CIDO, Statistics Canada, Canadian Film and Video Certification Office, Telefilm Canada and Manitoba producers.

Notes: (1) Excludes production activity of the National Film Board and television broadcasters.

(2) Sponsored production activity is based on Statistics Canada data and is adjusted to take into consideration non-response and overlap with other databases, i.e. Telefilm and CFVCO.

(3) TV program and feature production in Manitoba was determined on a title-by-title basis to ensure production activity as monitored by Telefilm, CIDO and CFVCO was not double counted.

(4) The 1983/84 figure for "other production" reflects production of a single feature-length production certified under the CCA program.

(5) For out-of-province projects only the Manitoba portion of the budget is included.

the production that occurred in Manitoba in 1987/88. It should be kept in mind that for CIDO 1987/88 was the first year of operation and funds from the CIDO programs (as opposed to the Film Manitoba programs) did not begin to flow at all until late in 1987.

Table 2 provides summary data on projects assisted by Film Manitoba/CIDO. As indicated, the aggregate budgets of such projects increased from a level of $686,486 in 1985/86, the first year in which Film Manitoba assistance was available, to $1,108,970 in 1987/88. This represented an increase of 62 percent. For 1988/89 data were available only to July; however, even for that limited part of the year CIDO/Film Manitoba assisted production exceeded the level for the previous year.

As Table 2 shows, there has been a substantial increase in the extent of financing coming from Telefilm Canada over the past three or four years. As a percentage of the total budgets of Manitoba productions supported by CIDO/Film Manitoba, the increase was from zero in 1985/86, to 44 percent in 1987/88. While in absolute terms Telefilm's support remained far below the $2 million annually which was originally anticipated, there has been a steady increase in the flow of Telefilm support to Manitoba producers. In assessing Telefilm's support in relation to the target of $2 million, it must be kept in mind that when the Agreement was signed in 1984, total production activity in the province was just over $2 million, and the vast majority of that production was in categories not eligible for Telefilm support.

On the market side, the CBC has so far accounted for most of the support to Manitoba productions -- $441,801, or 81 percent of a total of $542,462. This reliance on CBC as a market for independent production is not surprising, parallelling the experience at the national level in the first few years after the Broadcast Fund was established. Private broadcasters have also been involved to some extent and, in 1987/88, accounted for most of the market support. It is too early to draw conclusions about the way the market will develop; but this issue is examined further in Chapter 7.

3.2.2 Manitoba in the Context of the Canadian Film and Video Industry

At the national level there has been, as was anticipated in 1983, a phenomenal growth in Canadian film and video production. Between 1983 and 1987 the volume of production increased by 254 percent, rising from $217 million to $769 million (see Table 3). While Manitoba production initially lost ground in relation to the rate of growth of the industry nationally, since 1985 Manitoba production has been increasing at the same rate as Canadian production nationally. However, it must be kept in mind that this growth has occurred from a limited base and that only a limited amount of th assistance which was to be provided under the ERDA Agreement had actually flowed to the industry as of the end of 1987.

TABLE 2

BREAKDOWN OF PRODUCTION FINANCING FOR MANITOBA PRODUCTIONS ASSISTED BY FILM MANITOBA/CIDO, 1985/86 TO 1988/89 (to July) (1)
($000's)

	1985/86		1986/87		1987/88		1988/89		Total: 1985/86 to 1988/89 (to July)	
	$	%	$	%	$	%	$	%	$	%
Government Assistance										
Film Manitoba/CIDO	**245**	**35.7**	**371**	**38.8**	**305**	**27.5**	**191**	**16.4**	**1,111**	**28.4**
Telefilm Canada	0	--	262	27.4	490	44.1	534	45.9	1,286	32.8
Manitoba Arts Council	63	9.2	75	7.9	12	1.1	0	--	150	3.8
Canada Council	99	14.4	0	--	1	--	0	--	100	2.5
National Film Board	27	4.0	58	6.0	0	--	0	--	85	2.2
Other Manitoba Gov't.	10	1.5	0	--	40	3.6	0	--	50	1.3
Other Fed. Gov't	20	2.9	0	--	25	2.3	0	--	45	1.1
Sub-total *	**464**	**67.6**	**766**	**80.2**	**872**	**78.7**	**725**	**62.3**	**2,827**	**72.2**
Market										
CBC	3	0.4	71	7.4	30	2.7	338	29.0	442	11.3
Private Broadcasters	23	3.3	0	--	78	7.0	0	--	101	2.6
Pay TV	0	--	0	--	0	--	0	--	0	--
Distributors	0	--	0	--	0	--	0	--	0	--
Sub-total *	**26**	**3.8**	**71**	**7.4**	**108**	**9.7**	**338**	**29.9**	**542**	**13.9**
Private										
Production Company	46	6.7	31	3.2	6	5.5	26	2.2	109	2.8
Deferrals	140	20.4	85	8.9	10	0.9	19	1.6	254	6.5
Other Private Sector	10	1.5	3	0.3	113	10.1	56	4.8	181	4.6
Sub-total *	**196**	**28.6**	**118**	**12.4**	**129**	**11.6**	**101**	**8.7**	**545**	**13.9**
TOTAL BUDGET *	**686**	**100**	**955**	**100**	**1,109**	**100**	**1,164**	**100**	**3,914**	**100**

SOURCE: Data from CIDO/Film Manitoba, and compiled by Paul Audley & Associates Ltd.

NOTE: (1) Includes script and project development rollovers into production budgets. Data pertain to the Film Manitoba Production Support Program and the CIDO Non-theatrical Exhibition Market Support Program and covers contracted productions only. Data are related only to productions which involve a Manitoba producer; as a result, special projects such as The Outside Chance of Maximilian Glick, which are shot in Manitoba, but produced by non-residents are excluded.

* Data may not add precisely due to rounding.

TABLE 3

ESTIMATED INDEPENDENT CANADIAN FILM AND VIDEO PRODUCTION ACTIVITY (ALL TYPES), CANADA AND MANITOBA, 1983 TO 1987 ($millions)

	Canada (1)	Manitoba	Manitoba as % of Canada
1983	217.1	2.4	1.1%
1984	318.3	2.1	0.7%
1985	443.2	2.7	0.6%
1986	549.6	3.9	0.7%
1987	768.6	5.1	0.7%

SOURCE: Estimates by Paul Audley & Associates Ltd., based on data from Statistics Canada, Telefilm Canada, Canadian Film and Video Certification Office and provincial film agencies.

NOTES: (1) Includes the production of Canadian feature films, TV programs, TV commercials, industrial and educational productions. The estimates take into consideration the substantial level of overlap between the major film databases, i.e. Telefilm Canada, Statistics Canada and CFVCO. THe data exclude in-house production activity of Canadian broadcasters, foreign production shot in Canada and National Film Board productions.

3.2.3 Economic Impact of Production

To government policy makers the development of a film and video production industry is beneficial to the realization of both cultural and economic objectives. With respect to the second objective, the industry is generally recognized as being particularly attractive as it is highly labour intensive. The direct labour component of production budgets typically accounts for between 50 and 70 percent of total expenditures. Moreover, film and video production activity generates substantial spin-off economic activity in local economies which provides for additional employment. A wide range of services are used in the production process, including equipment and transportation rentals, set construction, use of locations, catering and accommodation. Only a minute proportion of production budgets are typically allocated to the purchase of capital assets. The economic benefits gained from film production explain in part why there are now in excess of 100 film promotion offices in North America established to attract film production to their areas.

Methodology

Economic impact analyses are designed to measure both the direct impact of an industry under study and the indirect impact associated with the flow of goods and services consumed in the production of the final output by the first industry. Some impact analyses go one step further and attempt to measure the "induced impact" attributed to the subsequent expenditures by wage earners in the industry under study and its supplier industries. For purposes of this evaluation only direct and indirect impact are examined.

Economic impact analyses are useful for a number of different purposes. They allow for the measurement of the economic impact attributed to a particular economic activity, keeping in mind that direct impact represents only a partial picture of the total impact. Moreover, when the same methodology is used it is possible to compare one economic activity with another to determine, for example, comparative levels of job creation.

Sophisticated economic impact analyses, however, are very expensive to undertake as they require access to reliable databases of the industry under study and its supplier industries, and the use of an econometric model to trace the economic transactions associated with the defined economic activity. Such an analysis of film and video production activity was carried out by Statistics Canada using its input-output model for the Manitoba Government under the direction of this firm in 1984. [1] As an alternative to utilizing expensive econometric models, one can rely on "impact multipliers" as a means of estimating the probable economic impact of a defined economic activity. These ratios relate direct to indirect impact and can be used to estimate total direct and indirect employment, output and contribution to GNP. The validity of this approach is of course dependent on the accuracy of the data on direct impact, and on the reliability of the impact multipliers used. The use of multipliers which are unrealistically high only serves to unrealistically exaggerate impacts and to undermine the overall usefulness of economic impact analysis.

The methodology used in this evaluation to estimate the economic impact of the Manitoba film and video production industry and the impact of the ERDA Sub-agreement on the industry, is based on actual and estimated data to determine direct impact. Impact multipliers are used to determine indirect impact.

In the area of arts and culture, the Culture Sub-division of Statistics Canada has produced what are generally considered to be the most reliable impact multipliers for the cultural industries and the Canadian film industry

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[1] Paul Audley & Associates Ltd., "An Assessment of the Economic Impact of Film and Television Production, Distribution and Exhibition Activities in Manitoba", April 1984, a report to the Government of Manitoba.

in particular. [2] These multipliers were determined by the same input-output model the agency uses to assess the economic impact of all sectors comprising the Canadian economy as part of The System of National Accounts. The multipliers produced by Culture Sub-division for the film industry seem realistic particularly when they are compared to those of other sectors. For example, the GDP multiplier ratio for the film industry of 2.2 is well within the range of multipliers for the 92 base industries comprising the Canadian economy (as categorized by Statistics Canada), which range from a low of 1.2 to a high of 2.7. Other multipliers calculated for the film industry by the Culture Sub-division are 2.1 for output and 1.7 for employment.

It should be mentioned, however, that two limitations exist with respect to the use of the above multipliers for the situation in Manitoba. First, the data pertain to the film industry as a whole including film production, distribution and exhibition. Because of this, it is believed that the use of the film industry multipliers would serve to understate to some extent the actual economic activity associated with film production. Second, the data pertain to economic impact at the national level. Because film production in Manitoba would involve the use of goods and services from other provinces the use of the above multipliers would serve to overstate somewhat the actual economic activity occurring in Manitoba. Overall, however, it is the opinion of the evaluation team that the multipliers are reasonably reliable and their use should result in conservative estimates of the indirect economic activity occurring in Manitoba which can be attributed to film and video production. The use of these multipliers is also consistent with approaches used in similar evaluation studies. For example, the 1987 evaluation of the Canadian Broadcast Program Development Fund carried out by The DPA Group for Telefilm Canada used the same multipliers.

The methodology used to determine the direct impact of the film and video production was to rely extensively on actual data and to estimate only when such information was not available. The data presented on direct output encompasses the revenues of production companies for sponsored productions (Statistics Canada and financial statements of production companies), production and script and project development budgets of TV program and feature length productions receiving Film Manitoba/CIDO funds, productions financed without ERDA funding as monitored by DOC's Canadian Film and Videotape Certification Office, and out-of-province production shot in Manitoba (funds spent in the province only).

Because a degree of overlap exists between the various databases consulted, TV program and feature productions were examined on a title-by-title basis to ensure production activity was not double counted. The data on direct output are somewhat understated because they exclude any subsequent revenues earned by Film Manitoba productions which were not used to finance the productions.

The data on direct employment in Manitoba film and video production is based on actual employment reported to Statistics Canada for established

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[2] Statistics Canada, Culture Sub-division, "Culture Statistics: The Economic Impact of the Culture Sector", May 1986.

production companies which are primarily involved in sponsored production. Missing employment data was gathered during interviews. Because these companies also hire personnel on a freelance basis, such employment data was estimated by pro-rating reported freelance expenditures with permanent employment expenditures and reported employment.

Determining the employment attributed to Film Manitoba/CIDO projects proved to be a more difficult exercise. The various employment reports reviewed by the study team proved to be either incomplete or inconsistent with each other. As a means of arriving at more reliable employment data, the staff at CIDO reviewed the reported employment on all completed Film Manitoba-funded projects. Where producers had failed to file monthly employment reports CIDO either required the producers involved to provide such information or they estimated the employment figures using their personal knowledge of the individual projects. Table 4 below shows the direct employment associated with $5.4 million of script, project development and production activity involving Film Manitoba funds. Every $1 million expended on script and project development and film/video production generates 21.1 and 15.0 person years of direct employment respectively. It should be noted that the conversion of person-weeks of employment to person-years of employment using 40 weeks per year as a factor reflects the reality of the film production business which is that very few freelancers are employed every working day of the year, and that wage rates reflect this situation. Overall, it is believed that the above direct employment data are somewhat on the conservative side as the employment data for individual productions seem to be on the cautious side in some instances.

TABLE 4

JOBS ATTRIBUTED TO FILM MANITOBA FUNDED PROJECTS:
1985 TO JULY 1988

	Script and Project Development	Production Support	Total
Number of Projects	28	25	53
Project Budgets	$946,000	$4,431,000	$5,377,000
Film Manitoba Contribution	$327,000	$1,129,000	$1,456,000
Person-weeks of Employment	800 wks	2,658 wks	3,458 wks
Person-years of Employment	20 pys	66.5 pys	86.5 pys
Person-years of Employment per $1 million of budget	21.1 pys	15.0 pys	16.1 pys

SOURCE: Data from CIDO and compiled by Paul Audley & Associates Ltd.

Direct Impact

Table 5 shows the estimated direct and indirect economic impact of the film and video production industry on the economy of Manitoba over the 1983/84 to 1987/88 period. At the direct level, the output of the industry (revenues and production budgets) climbed from $2.4 million in 1983/84 to $6.6 million in 1987/88 representing an increase of 170 percent over the four years. Similarly direct employment increased from 44.8 person-years to 98.0 person years. Over the five years, the industry generated an estimated 317.2 person years of direct employment. It was not possible to determine estimates of the total wages and employee benefits of the industry with any degree of reliability.

Direct and Indirect Impact

When the direct and indirect impact of the Manitoba film and video production industry is examined the full economic impact of the industry can be seen. Table 5 indicates that in 1987/88 the industry contributed directly and indirectly $13.7 million to the economy of the province. Moreover, in the same year 163.7 person years of paid employment can be attributed to independent film and video production in the, province of which 98 jobs were direct and 65.7 jobs were indirect.

Over the five year period, the Manitoba film and video production industry contributed $41.1 million to the economy of Manitoba and generated 530.4 person years of employment.

Economic impact data also serves as a useful tool for forecasting the potential impact on employment of changing levels of production in the province. Based on employment figures for Film Manitoba funded projects every incremental $1 million of script, project development and production activity will generate an estimated 26.9 direct and indirect person years of employment, of which 16.1 would be direct and 10.8 would be indirect. These estimates are consistent with earlier estimates of the direct and indirect impact of film industry activity on employment keeping in mind the diminishing value of a million dollars due to inflation and real wage rate increases. The economic impact data released by Statistics Canada, Culture Sub-division, indicates that $1 million of film industry activity generated 43 direct and indirect paid jobs in 1981. [3] Similarly, Statistics Canada calculated that $1 million of film production activity in 1979 would have generated 63 direct and indirect jobs in that year. [4]

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[3] Statistics Canada, Culture Sub-division, "Culture Statistics: The Economic Impact of the Arts and Culture Sector" (Catalogue 87-532), May 1986.

[4] Paul Audley & Associates Ltd. "An Assessment of the Economic Impact of Film and Television Production, Distribution and Exhibition Activities in Manitoba", A report to the Government of Manitoba, April 1984.

TABLE 5

ESTIMATED DIRECT AND INDIRECT ECONOMIC IMPACT OF THE INDEPENDENT FILM AND VIDEO PRODUCTION INDUSTRY IN MANITOBA (1), 1983/84 to 1987/88

	1983/84	1984/85	1985/86	1986/87	1987/88	Total: 1983/84 to 1987/88
Direct Impact						
Output ($000's)	2,440	2,063	3,251	5,504	6,605	19,863
Paid Jobs	44.8	37.9	58.4	78.5	98.0	317.6
Indirect impact						
Output ($000's)	2,611	2,207	3,479	5,889	7,067	21,253
Paid Jobs	30	25.4	39.1	52.6	65.6	212.8
Direct & Indirect Impact						
Output ($000's)	5,051	4,270	6,730	11,393	13,672	41,116
Paid Jobs	74.8	63.3	97.5	131.1	163.7	530.4

SOURCE: Direct impact: data from Statistics Canada, financial statements of Manitoba production companies, Film Manitoba/CIDO and the Canadian Film and Video Certification Office, and were compiled and estimated by Paul Audley & Associates Ltd. Indirect impact: data are based on impact multipliers from Culture sub-division, Statistics Canada (output: 2.07 and employment: 1.667).

NOTES: (1) Data on direct impact are higher than the levels of production activity reported in Table 1, since the economic impact data cover all activity of production companies, including film and video production, script and project development, and rental of production/post-production facilities and the provision of production services. The data also include out-of-province production and foreign production shot in Manitoba (expenditures in the province only), but exclude production activity of broadcasters, NFB and other government agencies.

4.0 IMPACT OF FILM MANITOBA AND CIDO PROGRAMS

4.1 Overview of Programs and Assistance Provided

As Table 6 indicates, total expenditures in support of film and video production in Manitoba through all Film Manitoba and CIDO programs were $1.9 million as of July 1988. This represented 31 percent of the total budgets of $6.1 million for all projects assisted. As a result each dollar committed through CIDO/Film Manitoba generated $3.19 in activity. The leveraging of CIDO/Film Manitoba dollars improved steadily between 1985/86, when each dollar of Film Manitoba money generated $2.66 in activity, to 1988/89, when each dollar generated $4.66 in activity. The latter figure is for a partial year only and this leveraging ratio may not be sustained. However, there has been a continuing increase in the ratio of leveraged funds since 1985/86.

Of the total amount of funding committed to July, 1988, 70 percent was committed through the Film Manitoba programs, reflecting the fact that these began to operate two years before the CIDO programs. Nevertheless, the $1.3 million committed through Film Manitoba represented just 41 percent of the funds originally approved for the Film Manitoba programs, leaving just under $2 million still uncommitted as of that date. By comparison, over 80 percent of the CIDO program funds were uncommitted as of July, 1988, reflecting the fact that the CIDO program had been in operation for only a year.

To assist in understanding the complex structure of the programs provided through CIDO and Film Manitoba, a summary is provided in Figure A. For each program the type of assistance provided is indicated, as well as the extent of assistance available per project and in total. Each of these sub-programs is then examined separately in the analysis that follows, looking first at the Film Manitoba programs and then the CIDO components. In dealing with each component the purpose is to be as clear as possible as to the nature of the assistance available and to assess its impact based on available data and interviews. Because of the number and complexity of the programs, attention has also been given to the effects of this complexity and to whether any streamlining of the program structure could be done without damaging the effectiveness of the programs.

TABLE 6

FILM MANITOBA AND CIDO ASSISTANCE AND TOTAL PROJECT BUDGET BY FILM/VIDEO COMPONENT, 1985/86 to 1988/89

	1985/86		1986/87		1987/88		1988/89 (to July)		Total: 1985/86 - 1988/89 (to July)	
	FM/CIDO	Project Budgets	FM/CIDO	Project Budgets	FM/CIDO	Project Budgets	FM/CIDO	Project Budgets	FM/CIDO	Project Budgets
Film Manitoba										
- Script/Project Development	91,264	238,103	93,511	253,633	105,285	270,471	35,249	101,916	325,309	864,123
- Production	244,843	686,486	352,774	919,454	234,618	935,447	145,009	1,063,669	977,244	3,605,056
- Promotion & Distribution	13,790	6,895	5,900	13,916	5,827	12,262	--	---	25,517	33,073
Sub-total	349,897	931,484	452,185	1,187,003	345,730	1,218,180	180,258	1,165,585	1,328,070	4,502,252
CIDO Film/Video Programs										
- Non-theatrical Exhibition Marketing	--	--	--	--	62,960	130,202	36,000	73,262	98,960	203,464
- Series Production	--	--	--	--	--	--	40,521	89,542	40,521	89,542
- Special Projects Production	--	--	--	--	245,000	832,810	--	--	245,000	832,810
- Film/video Product Marketing	--	--	--	--	14,880	29,758	18,567	46,106	33,447	75,864
CIDO Training/Equipment Programs (excludes audio projects)										
- Workshops: - co-ordination	--	--	--	--	52,317	107,453	11,646	22,205	63,963	129,658
- attendance	--	--	--	--	752	1,002	--	--	752	1,002
- On-the-job Training	--	--	--	--	30,075	107,822	8,995	17,989	39,070	125,811
- Professional Development:										
- Apprenticeship	--	--	--	--	--	--	--	--	--	--
- Workshop Attendance (outside Manitoba)	--	--	--	--	--	--	13,162	27,405	13,162	27,405
- Equipment Support	--	--	--	--	41,680	97,408	--	--	41,680	97,408
Sub-total	--	--	--	--	447,664	1,306,455	128,891	276,509	576,555	1,582,964
TOTAL	349,897	931,484	452,185	1,187,003	793,394	2,524,635	309,149	1,442,094	1,904,625	6,085,216

SOURCE: CIDO

NOTES: Film Manitoba/CIDO assistance is categorized by year, based on date of first contract (including subsequent amendments to contracts). Data on Film Manitoba production assistance exclude rollovers of script/project development assistance. The project budget of the CIDO Special Projects Production Support Program pertains to expenditures in Manitoba only.

FIGURE A

OVERVIEW OF FILM MANITOBA AND CIDO SUPPORT PROGRAMS FOR FILM AND VIDEO

	Program Budget	Type of Financial Participation	Maximum $ per project	Maximum % of project Budgets	Notes
Film Manitoba Programs	$3,250,000	(all F.M. Programs)			Investment can be rolled over into production support if project is produced.
• Script and Project Development Program	see above	Equity Investment	$40,000	50%	
• Production Support Program	see above	Equity Investment or interim financing (loans)	$200,000	50%	
• Promotion and Distribution Support Program	see above	Equity Investment	$ 5,000 (promo) $10,000 (distribution) $15,000		
CIDO Film & Video Programs					
• Non- theatrical Exhibition Market Support Program	$400,000	Equity Investment	$30,000	50%	Maximum increased to $36,000 and 60% for target groups.
• Series Production Support Program					
a. Series Production	$800,000	Equity Investment or loans/loan guarantees	$600,000	40%	Maximum increased to $750,000 and 50% for target groups.
b. Series Development	$100,000 $900,000		$ 30,000		Series development support added in 1988.
• Special Projects Production Support Program	$1,000,000	Equity Investment or loans/loan guarantees	$200,000	25% of Manitoba portion of budget	Maximum increased to $230,000 and 30% for target groups; and 35% and $300,000 if Manitoba co-producer and target groups involved.
• Film and video Product Marketing Support Program	$100,000	Contribution	$5,000	50%	
• Locations	$363,500				

FIGURE A (continued)

OVERVIEW OF FILM MANITOBA AND CIDO SUPPORT PROGRAMS FOR FILM AND VIDEO

	Program Budget	Type of Financial Participation	Maximum $ per project	Maximum % of project Budgets	Notes
CIDO Programs for Both Film/Video and Sound Recording					
• Workshops (training)	$200,000				
- co-ordination	see above	Contribution	$12,000	80%	
- attendance (in Manitoba)	see above	Grant	n/a	Maximum $90/day	
• On-the-job Training Program (training)	$250,000	Wage subsidy	Varies to max of $6,000 per trainee	50%	
• Professional Development (training)	$130,000			50%	
- Apprenticeship training	see above	Contribution	$15,000 long-term $ 3,000 short-term		
- Workshop attendance (outside Manitoba)	see above	Contribution	$75/day + travel	50%	
• Equipment Support Program	$200,000	Grant	$20,000	50%	For non-profit sector on a one-time only basis.

4.2 Film Manitoba

4.2.1 Introduction

Film Manitoba was the first of the ERDA film/video components to be established. It began operations in April 1985, nearly 10 months after the signing of the Sub-agreement, administered by the Department of Culture, Heritage and Recreation. Since that time, it has undergone substantial evolution in an administrative sense. From a departmental financing program requiring Ministerial approval and signature of contracts, Film Manitoba is now administered on the same basis as Components 3 and 4 by CIDO through a

contribution agreement between the Manitoba government and Cultural Ventures Program Inc.

On a program level, Film Manitoba has also evolved. A review of the criteria and guidelines undertaken in parallel with the Steering Committee's review of the ERDA Advisory Committee's report on Components 3 and 4 produced changes which were approved by the provincial treasury Board in May 1987.

With the consolidation of all three Components under CIDO as of October 1987, Film Manitoba programs are subject to the CIDO Advisory committee's consideration. This consolidation in both an administrative and policy advisory sense should make for more efficient management, as well as improving CIDO's ability to develop overall strategies aimed at building on the impact already generated by Film Manitoba.

4.2.2 Film Manitoba: Profile of Development and Production by Fiscal Year

1985/86

In its first year of activity, Film Manitoba provided financing to a total of 16 development and production projects:

Development 6 projects	$238,103 in total project budgets
Production 10 projects	$686,486 in total project budgets
Total activity	$924,589

The financial breakdown of this activity illustrates the nature of Manitoban independent production supported by Film Manitoba in this, its "start-up" year:

Film Manitoba/ERDA	36%	
Manitoba government	8%	mainly Manitoba Arts Council
Federal government	20%	with Canada Council providing 51% of federal money
Market sources	4%	
Industry	29%	with deferrals accounting for over 50% of industry investment

The balance (3%) came from private sources.

The 10 projects produced in 1985/86 amounted to an accumulated running time of 299 minutes. However, only three were over 30 minutes, and five were under 30 minutes. Only one project of the six in development went into production in the same year.

Examining the production supported by Film Manitoba in its first year of operation, it is evident that half of the productions were of the short film/experimental type normally financed with the aid of production grants from the Canada and Manitoba Arts Councils. These projects were ready to go but possessed little interest to the television or theatrical markets and, therefore, to Telefilm Canada's market-generated investment. In keeping with the tradition of this type of project, deferrals of salary and fees by the production personnel were abnormally high, representing 16 percent of total financing.

It is worthy of note that while Telefilm's overall share was only 3 percent of the total cost of financing for development and production combined, it was concentrated exclusively in development and even there represented only 13 percent of all development costs.

1986/87: Year II

The second year of activity saw Film Manitoba participating in 18 projects:

Development	10 projects	$253,633 in total budgets
Production	8 projects	$919,454 in total budgets
Total activity		$1,173,087

Again, the financial breakdown illustrates the evolution of independent production in Manitoba:

Film Manitoba/ERDA	38%	
Manitoba government	6%	Manitoba Arts Council
Federal government	31%	with Telefilm's share of total jumping to 21% and NFB providing the balance
Market sources	6%	
Industry	18%	again, primarily from deferrals

Though a minimal amount was generated from private sources, it did not come from private investors.

Of the eight projects produced in 1986/87, only three were under 30 minutes and four were half-hour dramas. One had been in development in the previous year and another went through both development and production in the same year. Total running time amounted to 249 minutes.

These productions are more market-driven, as evidenced by the increased participation of Telefilm Canada and a small rise in market pre-sales used in the financing.

1987/88: Year III

The third year of Film Manitoba saw the maintenance of development but a dramatic drop in production activity, reducing the total activity to 14 projects:

Development	11 projects	$270,471	in total budgets
Production	3 projects	$935,447	in total budgets
Total activity		$1,205,918	

The value of production was being maintained in terms of expenditures, but the number of projects actually being produced was cut by nearly 66 percent. The financial breakdown tells part of the tale:

Film Manitoba/ERDA	28%	
Manitoba government	3%	Manitoba Arts Council
Federal Government	43%	with Telefilm providing almost 99% federal funds
Market sources	9%	
Industry	8%	with production company investment overtaking deferrals

Private sector sources provided 10 percent of financing, derived almost exclusively from private investors and that on a single project.

These three projects had a combined running time of 150 minutes. One had been in Film Manitoba development in 1985/86 and another in 1986/87. The third had been developed by the producer.

However, all three had several critical elements in common: market interest in the form of a Canadian broadcaster, Telefilm Canada investment from the Broadcast Fund, and less financial exposure by Film Manitoba.

Film Manitoba was beginning to see the results of its script and project development in the form of high quality Manitoba independent productions attracting television pre-sales and the anticipated investment by Telefilm Canada; and it could do so for fewer dollars than in previous years.

The dramatic drop in production activity in the 1987/88 fiscal year was due, not to film Manitoba's lower participation levels. Rather the drop appears to have been due in large part to the financial situation Telefilm Canada experienced in mid-year, combined to a lesser extent with the impact of tax reform on private investment under the Capital Cost Allowance.

Two projects, both theatrical feature films, were intended to go into production during the 1987/88 fiscal year with Film Manitoba's participation planned for in one case. The delay caused by demand on Telefilm's resources forced postponement into 1988/89.

A further contributing factor may have been delays involved in the CBC's regional drama series which required extended negotiations with provincial industry associations and regional producers groups.

This drop in production activity, while a cause of legitimate concern on the part of the Manitoba industry and CIDO, should not be viewed as a completely negative development. Film Manitoba has been placing greater emphasis on the quality of projects for which it commits production financing, as evidenced by market interest in the projects. Thus, while fewer productions did go forward, all could guarantee that they would be broadcast at least in Manitoba if not nationally.

1988/89: Year IV (to July 1988)

Given the evaluation has had only four months of firm activity, this partial year demonstrates the continuation of Film Manitoba's impact on the industry's development.

Based on the number of projects contracted as of July, together with those pending as of that date, 1988/89 could be the breakthrough year.

	Contracted		Pending	
Development	5	$ 101,916	6	$ 263,247
Production	2	$1,063,699	6	$5,598,208
Total activity		$1,165,585		$5,861,455

The seven projects contracted within the first four months generated almost the equivalent in expenditures of both 1987/88 and 19867/87. The pending projects, though not all expected to proceed, exceeded in anticipated budgets the total dollar volume of activity contracted by Film Manitoba since its establishment.

The financial breakdown illustrates again the evolution of financing independent production in Manitoba since year one:

Film Manitoba	16% contracted 12% pending	
Federal Government	48% contracted	increase beyond 49% due 59% pending to NFB co-productions
Market	30% contracted 15% pending	due to substantial pre-sale for "arts and music special"
Industry & Private	6% contracted 14% pending	primarily from private

The productions themselves further illustrate the increased development of Manitoba's independent producers in terms of selecting marketable projects. None of the contracted or pending productions is under 30 minutes. The two contracted have an accumulated running time of 90 minutes and are licensed to Canadian network television. Of the pending productions in July, three are for television: one 30 minute drama, one 60 minute special and a documentary. The remaining three pending are theatrical feature films.

All projects in development as of July, both contracted and pending are for television or theatrical release. Manitoban independents have found markets, and projects of interest to those markets.

Of the contracted productions, one had been in development with Film Manitoba in 1987/88; of the pending productions, one had been in development since 1987/87, two in 1987/88, and a fourth is contracted in development in the current year.

4.2.3 Comments on Film Manitoba

Development of Production

Over the three and a half years since its establishment, Film Manitoba's participation in development and production has averaged 29 percent of projects contracted. Financing broken out by participant's shares on the total of $4,469,179 for the period from April 1985 to July 1988 are:

Film Manitoba/ERDA	29%
Manitoba (Manitoba Arts Council)	4%
Federal government agencies (especially Telefilm Canada)	36%
Market sources	13%
Industry	13%
Private sector	5%

From the position of providing the largest percentage of funding, which Film Manitoba held in its initial two years, it has been able to reduce its share while ensuring that more financing is obtained from the federal funds at Telefilm Canada and, to a lesser but still very significant extent, NFB. Through careful selection of projects with market potential, Film Manitoba has also shifted more of the financial costs away from the industry itself. As noted previously, the level of deferrals used in production financing was abnormally high. This type of financing is discussed again in the section on administration (Chapter 5). However, it is important to note here that deferrals represent the least desireable form of industry self-financing: it is the last resort of under-capitalized companies with few available alternatives.

There are no standard norms in the Canadian independent production sector for a ratio of projects developed going into production. All agree that in Canada the American ratio of one in 10 is an extravagance we cannot afford. However, it is encouraging to see the results of the Film Manitoba experience over three and a quarter years. Of the 31 individual projects contracted for development, seven, or 23 percent have been produced or are contracted to be produced as of July 1988. If the July pending projects are added, this rises to 11, or 35 percent into production.

The balance of productions which have gone forward with the financial participation of Film Manitoba were either developed prior to its establishment and/or with the help of the arts councils.

Manitoba content

A review of the files indicates productions financed under Film Manitoba criteria have all met or exceeded the minimum requirements set out in the "point" system for determining Manitoban content. As with deferrals, further discussion of the point system is contained in Chapter 5.

Financial Ceilings

a) Development

Film Manitoba operates a three-phase system for script and project development. This was introduced in response to recommendations contained in a report prepared by David Balcon and intended to limit Film Manitoba's (and CIDO's) financial exposure and potential losses.

Reviewing development contracts, Film Manitoba has adhered to this approach and to the overall ceiling of $40,000 set for both individual projects and producers/production companies. Administrative and policy issues related to these guidelines are dealt with in Chapter 5.

b) Production

Ceilings for production financing under Film Manitoba are targeted each year in CIDO's Business Plans. The variations which may occur derive from CIDO's attempts to limit its own exposure, reduce the likelihood of inflationary budgets, and stretch available resources.

For example, ceilings by type of production which have been set for the most recent two years are:

	1987/88 ($000's)	1988/89 ($000's)
Product Type:		
30 minute	75	40
60 minute	100	70
90 minute MOW	150	100
Theatrical Feature	200	200

While recognizing that these ceilings are targets, and that circumstances surrounding productions may justify a decision to exceed on the grounds of enhancement, market demand, etc., the evaluation found that in three of the five productions contracted during this period, the ceilings had been exceeded by Film Manitoba.

CIDO's Advisory Committee examined the question of ceilings for production investment at its meeting in June of this year. In response to a management suggestion that ceilings for theatrical feature films be increased, the Advisory Committee recommended that new ceilings be established for both 90 minute MOW ("movies-of-the-week", for television) and feature films. The Committee recommended that MOW's ceiling increase from $150,000 to $200,000 and that feature films for theatrical release have an option between a ceiling of $400,000 equity investment or a ceiling of $300,000 equity, plus $200,000 loan secured against pre-sales.

Suggestions on how CIDO should deal with this issue are discussed further in Chapter 5. It is obvious, however, that in the dynamic world of film and television production, managers of public funds must be able to respond, within broad parameters against which their adminstration can be evaluated, but with adequate scope to make judgments based on experienced assessment of the creative and cultural value, as well as the financial risk involved.

Update on Film Manitoba

There have been several important developments since the cut-off date for data of July 1988. Between the end of July and September 30, 1988, two new 30 minute dramas for television went into production, with Film Manitoba's participation at 12 percent. Adding these two to the 1988/89 contracted production, the financial breakdown for the current year's contracted projects with total budgets of $1,756,599 is as follows:

Film Manitoba/ERDA	13%	
Telefilm Canada	49%	Sole federal participant
Market	31%	Exclusively CBC
Industry	2%	Primarily deferrals
Private sector	5%	Sponsors and others rather than private investors

The potential as of September 30th for more Manitoba projects to go forward into production is contingent upon Telefilm Canada approval in the case of two productions with combined budgets of approximately $3 million, and the producers successfully completing their financing structure in another case.

A similar situation exists in development as of September 30th, with some projects awaiting Telefilm approval to trigger Film Manitoba's participation, and others requiring a demonstration of market interest.

4.3 CIDO PROGRAMS

4.3.1 Introduction

The programs established under Components 3 and 4 of the Agreement underwent a tortuous and lengthy gestation period. From the signing of the Agreement in June 1984, through the creation of the Advisory Committee in January 1985 and its report 12 months later, followed by the Steering Committee's consultations with the industry, to the opening of CIDO's office in April 1987, the process took nearly three years.

This evaluation has only one complete year of activity on which to assess the film and video programs under Components 3 and 4, plus four months in the current fiscal year. As is evident in the previous section on Film Manitoba, activity in the initial year or two may be misleading as an indication of the trends that will develop later.

This section will examine all CIDO film and video programs within Components 3 and 4, with the exception of Marketing. The Marketing program is examined separately in combination with the Film Manitoba program for marketing.

4.3.2 Special Projects

Film Manitoba was established in 1985 with a mandate to support independent production in Manitoba. Its criteria include a "point system" which leaves no room for what the Advisory Committee described as "worthwhile projects that are unable to meet (the system's) requirements ... but are nonetheless judged of potential benefit to local development."

In the opinion of the Committee, later confirmed in subsequent consultations with the local industry, such projects, while not produced by a Manitoba producer, could be attracted to the province with financial incentives and provide spin-off benefits in the form of employment, training opportunities and revenues for the local economy. By providing the incentives

through Components 3 and 4, the Agreement would also augment production activity without diminishing Film Manitoba funds for local production.

As of July 1988, one Special Project had been completed. "The Outside Chance of Maximillian Glick" was shot completely in and near Winnipeg late in 1987. This relatively low budget feature film was produced by a Vancouver production company, based on a Canadian novel set in Manitoba, and employing cast and crew from Ontario and the West. Premiering at the recent Toronto Festival of Festivals, "Glick" won the international jury prize for the best film. In terms of concept and critical acclaim, it is indeed a "worthwhile project".

Five more projects had been identified as pending, that is, in very preliminary discussion stage as potential Special Projects. All are within the $2 to $3 million range. One was sufficiently advanced in negotiations with CIDO in 1987 that Management Committee had given approval to CIDO equity investment.

Given the difficulties faced by Canadian producers in raising production financing, it is impossible to assess with any degree of certainty what proportion of, or in what time frame, these projects might go ahead. An early evaluation of this program can therefore only be based on a single project which may or may not be representative of what could be achieved by CIDO in managing the program.

CIDO's total investment represented approximately 29 percent of the production budget spent in Manitoba ($832,810). Thus, for every CIDO dollar invested, two more were being generated from non-Manitoba sources and all three were being spent in the province.

"Glick" was the first feature filmed entirely in Manitoba. The shoot provided employment for 60 individuals in the Manitoba industry. For most, this presented a valuable first-time experience in the complexities of filming in 35mm and on location. The production used 19 trainees who were brought in through CIDO's On-the-Job training program in a variety of production capacities, ranging from Assistant Production Managers to Assistant Props and Set Dressers to Accountants, Grips and Publicity. Reactions to this particular facet of CIDO's involvement in "Glick" are covered under the section on Training.

As a first experiment with Special Projects, "Glick" has fulfilled the aspirations expressed by the Advisory Committee, including the "sheer excitement and energy" which the committee saw as being generated by out-of-province productions of this nature. Its presentation of Manitoba on screen reflects CIDO program objectives to focus on projects that are "culturally significant from a Manitoba perspective."

However, several cautionary notes are essential with respect to the future expectations for Special Projects:

1) The original allocation for this program has been reduced from $1.4 to $1 million. A balance remains of over $700,000 to be expended between now and March 31, 1990. With Telefilm Canada's announcement that its Feature Film Fund is fully committed to March 31, 1989, it is unlikely that CIDO will successfully attract more than one or two more features under this program.

2) Several non-Manitoba producers have expressed the view that CIDO's requirements for use of Manitoba resources in terms of crew, cast and facilities are too onerous for the maximum amounts of investment allowable. The ceiling is currently $300,000 or 35 percent of the total production dollars spent in Manitoba, provided there is a Manitoba co- or associate producer involved in the project. It has been pointed out that other provincial agencies can go as high as $500,000 in co-ventures with provincially-based producers. Given the increase in feature film production in both B.C. and Alberta this year, Manitoba may experience difficulty in attracting Special Projects under the current CIDO guidelines.

3) From the perspective of developing Manitoba's indigenous industry, the prospect of increased amounts of CIDO money going to out-of-province productions, and/or that this would be accompanied by fewer requirements to employ Manitoba talent, meets with very strong opposition in the industry in Manitoba.

Many industry members have suggested that, as in the case of the Series program, which is discussed next, Special Projects should only be eligible if there is a Manitoba co-producer involved.

As these points touch directly on the Series program in many respects, a detailed analysis of the interrelationship between these two production programs under Components 3 and 4 and Film Manitoba will be presented separately.

4.3.3 Series

This program is also funded under Components 3 and 4 of the ERDA agreement. Unlike Special Projects, the Series program is designed specifically for co-productions between Manitoba producers and other Canadian producers.

Unfortunately, it is impossible to evaluate its success, as no production applications have been received under this program. As of July 1988, three applications for development financing for series had been received and approved by CIDO, all within the current fiscal year. Total development budgets are $89,542 of which CIDO had committed $40,521, well within its ceiling of $30,000 per development project. Preliminary production cost estimates for these series are in the range of $2 million to $3.8 million. Since all three projects are in the early stage of development, it is difficult to predict a success rate.

The desirability of fostering Series production was not addressed by the Advisory Committee in its 1986 report. As a result of its subsequent consultations with the industry, the Steering Committee put forward the concept of supporting Series production, as being in keeping with the industry's view that on-going production is essential to industrial and employment development. Series are not only the bread and butter of television programming, they are also the most stable source of continuing employment for cast and crew, as well as writers, directors and guest performers engaged for one or more episodes. Thus the advantages of stimulating the production of a continuing series in Manitoba were enormous.

In addition to the employment opportunities, a television series can generate sufficient demand to justify acquisition of equipment and facilities, as well as wardrobe, sets and other properties which are then available to local and out-of-province producers with more short-term requirements.

Manitoba-based broadcasters also have expressed interest in local series, not only as a major contribution to the industry's continuing stability but as a programming element important to their needs.

Again, as in the case of Special Projects, the allocation for Series ($900,000) risks being under-utilized, certainly between now and March 31, 1990. Any Canadian series will require investment from Telefilm Canada's Broadcast Fund, which is on hold pending further study to determine whether it is fully committed for the current year. While the program's allocation would cover only one production application for the maximum allowable under the current criteria ($750,000) plus some development, there remains a serious risk that Telefilm's capacity to provide financing might jeopardize chances that even one of the three projects now in development could proceed into production before March 1990.

The problem this program faces in achieving its objectives is not one of lack of talent or over ambitious design. Rather it is a problem of timing: insufficient time before the Agreement deadline to develop and begin production, and apparently overwhelming competition at present within the Broadcast Fund, despite the fact that Manitoba projects are still receiving a very small fraction of the available Telefilm support.

Though the odds against success in this initiative appeared substantial from the beginning, given the absence of concentrated facilities and services which exist in production centres like Toronto and Montreal, the very fact that three projects are in development, all generated by Manitoba producers, demonstrates the potential which does exist within the Manitoba industry.

4.3.4 Comments on Special Projects and Series

The original concept on which these two production programs under Components 3 and 4 were designed evolved from the industry's view that production activity is necessary for stability. These were to be adjuncts to the existing Component 6 ERDA initiative, Film Manitoba. Special Projects

would, as the Advisory Committee suggested, allow non-Manitoban productions willing to use local talent and crews to be rewarded with an incentive in the form of CIDO investment. Series production would encourage out-of-province producers to enter into co-production arrangements with local producers. Both would provide employment, experience and, potentially, expression on the screen of Manitoba's diverse and rich culture.

The very existence of these programs, with separate budgets and criteria from Film Manitoba, and their origination so late in the five year ERDA plan, is causing frictions within the Manitoba industry which are unlikely to diminish. The principal concerns are related to flexibility of access, flexibility of ceilings, and flexibility to shift resources to where they are most needed.

Access

Film Manitoba may be accessed only by bona fide Manitoba producers for projects which qualify under the point system.

Special Projects may be accessed by out-of-province producers, possibly but not necessarily in conjunction with a Manitoba co- or associate producer.

Series may be accessed by a Manitoba producer, probably but not necessarily, in co-production with an out-of-province producer.

Film Manitoba covers both feature films and television programming. Special Projects covers only feature films. Series covers only television series.

Co-ventures between Manitoba producers seeking either more experienced partners or partners with greater financial resources are explicitly encouraged only in the case of television series, while not totally excluded in the case of the other two programs.

Non-Manitoban producers can have access on their own to feature film financing under Special Projects.

Ceilings

Film Manitoba's maximum financing for production varies up to a ceiling of $200,000 or 50 percent of the budget, whichever is less.

Special Projects' ceilings allow CIDO to invest up to a maximum of $300,000 under exceptional circumstances (i.e. a Manitoba co-/associate producer). The normal maximum is $200,000.

Series' maximums are higher but the production costs for an on-going series which included 13 to 26 episodes would justify this differential.

A non-Manitoba producer can therefore access more CIDO money for a feature film project which is a one-time event than a local producer. * As a result, a Manitoba producer committed to playing an on-going role within the industry can anticipate receiving less than a non-local producer, based on the 1988/89 Business Plan for Film Manitoba. CIDO's readiness to correct this imbalance is to be commended. (* Since the text of this report was originally drafted, this policy has been changed, and it is no longer true that projects involving out-of-province producers can access more funds than those of local producers.)

Resources

The funding for Components 3 and 4, while including both federal and provincial contributions, is primarily federal money under the Agreement; while funding for Component 6, which includes Film Manitoba, is exclusively provincial. All allocations are under-utilized. Given the difficulties being faced in completing production financing which have been discussed previously, it is questionable whether CIDO could single-handedly overcome this obstacle within the current guidelines.

The compartmentalization of production financing under several separate programs is perceived by the industry as hampering the rational use of scarce resources. Most producers see the unused Special Projects and Series allocations as money which if used, may go to non-Manitoba companies, or which may be lost altogether on March 31, 1990.

Suggestions for Revisions to the Guidelines

CIDO/Film Manitoba has ceilings substantially below the maximums of other provincial agencies. While recognizing that its total annual allocations are limited, consideration should be given to better equipping Manitoba producers to enter into serious co-venture arrangements with out-of-province Canadian producers, or if they prefer, to produce locally on the basis of financial backing more comparable to that of producers elsewhere in Canada.

Further, by requiring that Special Projects involve a Manitoba producer, whether as a co-producer or as an associate, CIDO could remove any lingering suspicions that this particular program is just a Canadian complement to the Locations Service, with CIDO investment being only in the broader national interest of developing Canadian production.

More flexibility within the two CIDO production programs, in terms of access by Manitoba producers triggering higher ceilings, might allow local producers to pitch projects as co-ventures thereby getting productions going and lessening the total dependency on Telefilm Canada's decision. While it is extremely difficult for any independent Canadian production to be financed without Telefilm's participation, it is also evident that growing demand for that agency's financing will force Telefilm to either reduce its level of investment as a percentage of production budgets, or invest in fewer projects.

If Manitoba producers, singly or in co-ventures with out-of-province producers, can spread production financing among more sources, their chances of success may be increased. Illustrative of this approach is the example of "Glick" which was financed through the participation of Telefilm, CIDO, NFB under the Telefilm/NFB Accord, B.C. Film and some limited private sources including the production company itself.

The network of Western provincial agencies, such as CIDO in Manitoba, combined with the recognized talent pool within these provinces, significantly enhances the Manitoba industry's prospects for development if the two CIDO production programs can be made more responsive to the needs of the local industry and the realities of the Canadian independent production climate.

Ideally, the structure of the CIDO/Film Manitoba development and production support programs should be greatly simplified and rendered substantially more flexible. Although this may require significant changes in the approvals given by the two governments involved, the advantages of a full merger of the Components 3, 4 and 6 programs of support to film and video production are very substantial.

The approach we have taken to offering our comments on the future of the programs is to present two options. First, in the comments offered on individual components we have presented suggestions for changes which would improve their effectiveness. The assumption made is that it may not be possible in the near future to make more fundamental alternations. However, in Chapter 8 we have also presented the option of a more substantial revision to the program initiatives which have been taken under the Agreement.

4.3.5 Non-theatrical Exhibition Market Support

This is the third CIDO production support program established under Components 3 and 4. In the report of the 1986 Task Force on the Non-Theatrical Film Industry, entitled "The Other Film Industry", it was noted that though the non-theatrical sector is "the un- cola of the film world", it is also a sector with significant economic ramifications for producers outside of Toronto and Montreal who "depend for their survival on a whole range of production".

Given the breadth of the non-theatrical market, which includes everything from sponsored films to industrial/training films and curriculum-related educational productions, the CIDO program has focused its $400,000 budget on the categories of short films, animation, documentaries, performing arts, docu-drama and education. Conceived to support Manitoba filmmakers with limited exposure to the commercial market, the program excludes projects which are either destined for client-sponsored commercial, industrial or tourism promotion purposes, or projects aimed at community or social service.

Activity within the program has been limited and therefore a thorough evaluation providing sound indicators of trends is premature. Only four applications were received by CIDO in 1987/88, of which one was ineligible.

Of the four received to July in the current year, only one has been contracted.

Based on the four projects contracted since the program's creation, the following observations can be made:

Total budgets:	$203,464	
Financing Sources:	49%	CIDO
	24%	Production company (includes deferrals)
	9%	Market
	18%	Arts Councils

Overall, CIDO's participation is within the guidelines of up to 50 percent as a normal maximum, and 60 percent for projects demonstrating significant benefit to target groups. One project qualified for the target group maximum and another for the normal maximum.

The level of market involvement should not be taken as an indicator of any trend: it relates exclusively to one project in which a Manitoba broadcaster participated. This limited market interest prior to production is consistent with the program's objectives and focus.

The nature of non-theatrical product being supported by this program is illustrated by the financing obtained through the federal and provincial arts councils. The 18 percent raised by producers through juried competitions at the Manitoba Arts Council and/or the Canada Council matches exactly the percentage from these sources during the initial year of Film Manitoba.

The Manitoba film/video community's origins lie in the creation of personal creative works which have been financed largely through arts council grants and deferments. This program is therefore a supplement allowing young talent to experiment and develop skills.

Future Considerations

The exclusion of client-sponsored projects may be limiting both the industry's continued stability and CIDO's capacity to inject the funds allocated into worthwhile projects.

Earlier this year, the federal Minister of Communications, Flora Macdonald, announced the creation of a non-theatrical production fund with $1 million annually to be administered by the Department of Supply and Services' (DSS) Sponsored Film Office. This Fund will be allocated by region and open to projects "of a cultural, educational, training, informational, personal or experimental nature ... intended for specific audiences and not designed principally ... for commercial television broadcast".

Consultations have been taking place between DSS and the Manitoba industry and CIDO. A review of the CIDO program criteria should be undertaken to ensure that this Non-Theatrical support assists Manitoban producers to lever the new federal money.

Adjustments in the program's criteria have already taken place with the removal of the "one-time" eligibility clause. Producers interviewed during the course of this evaluation expressed satisfaction with this change and have urged CIDO to exercise more flexibility in terms of eligible projects. Several producers mentioned documentaries specifically as a format to be encouraged through this program.

4.3.6 Locations

Components 3 and 4 include an allocation of $420,000 for the provision by CIDO of a Locations service. The purpose of this service is to promote Manitoba as a film/video and Audio location.

In proposing a locations service, the 1986 Advisory Committee viewed this service as part of market Development, that is, the forging of links between the Manitoba industry and the rest of the world. For the Advisory Committee, this meant:

- marketing of Manitoba locations, facilities and production services
- providing promotion and marketing advice to the industry
- compiling and maintaining trade information
- accessing Telefilm and other federal funds for marketing
- co-ordinating presence at festivals in Canada and abroad
- developing links with major financiers and distributors.

This function was seen by the Committee as second only to training in priority for the development of Manitoba's industry.

Location services are being provided by a growing number of provinces and municipalities which view out-of-province or country productions as valuable economic benefits to the local economy. These services are provided either as part of, or separately from provincial agencies investing in indigenous production, depending on the province.

Canadian efforts have been highly successful in recent years, due in large part to the Canadian dollar exchange rate combined with lower union wage scales. Canada had become very competitive with most states in attracting Hollywood productions, so much so that the people in Los Angeles area have expressed alarm at the number of "runaway" productions and the resultant loss in revenues to their economy. However, the rise in the Canadian dollar, combined with increases in wage scales by many unions and guilds; and perhaps more importantly, new efforts by American state film commissions to offer monetary benefits to productions looking for locations, has in recent months reduced substantially the number of "runaway" U.S. productions in Canada.

The impact is being felt in Alberta, B.C. and in Toronto, and the latter two possess the facilities and production personnel essential to the complexities of major production schedules. The impact is also being felt by Canadian industry unions and guilds which predict reductions in members' income and employment opportunities with further losses of off-shore productions.

Manitoba is therefore beginning to compete with more established provincial initiatives at a time when economic considerations are making U.S. producers think twice before going on location outside their own country. It is, therefore, not surprising that CIDO's locations service has successfully attracted only one American production, Tri-Star's "Maybe Baby", since it began operation in October 1986. Of the 46 inquiries that CIDO had received as of July 1988, from both Canadian and non-Canadian productions, only two have so far been shot in Manitoba, and a third may shoot in Manitoba this winter. Of the remaining 43: 19 are classified as "on-going", of which five do not have financing in place; eight have been dissolved; five shot elsewhere in Canada (B.C. or Ontario); six shot in the United States; four are classified as "general inquiry" unrelated to a specific project; and one is "on hold".

The competition for Manitoba to establish itself as a viable location for out-of-province production is stiff. The lack of 35 mm film processing facilities, sound stages and other basic production services can be a serious draw-back to producers looking for a location which is not geographically specific.

The productions may be few, therefore, but the economic benefits are not negligible: "Maybe Baby" cost CIDO approximately $2,000 in directly expenditures, but the production left behind $600,000 U.S. during its Manitoba shoot.

The second production which is referred to above was a Canadian production, shooting in Manitoba with CIDO support under the Special Projects program. Given the direct financial investment involved, it is discussed separately.

Recognizing the problems faced by CIDO and by the province in attracting non-Canadian productions, the Locations service should focus its strategy on more realistic goals. Initiatives designed to compete for Los Angeles and New York productions are likely in the near future to result in only sporadic and unpredictable successes at best. Manitoba's ability to compete fully on that level would require such fundamental changes as direct airline flights from Los Angeles to Winnipeg and the establishment of a 35mm lab capacity based on its use for indigenous production.

The key for the next few years must be a rational approach based on realistic expectations. Location production may offer employment opportunities to local industry personnel, but the current number of full time crews with feature film experience is too limited for CIDO to attract productions on that basis. Indeed CIDO's promotional binder focusses

exclusively on photographic presentations of Manitoba as a location in perhaps a deliberate but nonetheless revealing admission of what Manitoba has to offer at this point in the evolution of its industry.

There is the option of improving Manitoba's competitiveness by also offering monetary incentives to foreign producers. Such incentives could include cost-free helicopter services for location scouting or compensation for additional air-travel for production personnel or equipment. While the ultimate benefits to the provincial economy might suggest such incentives would be cost-efficient, we are not convinced that the resultant diversion of resources would provide any longer-term benefit to the development of Manitoba's industry at this stage. On the contrary, the perception that non-Manitoba productions are more generously treated would be aggravated, with little or no compensation in the form of increased and more regular employment for technical and creative crews.

CIDO's Location service is also providing many of the other informational and publicity services identified by the Advisory Committee. It deserves noting however that the Manitoba Motion Picture Industry Association (MMPIA) is now publishing a newsletter which is both informative and attractive. As MMPIA develops it may be able to take on some industry requirements, such as directories and trade information services.

CIDO and those interviewed all recognize the need for professional marketing and distribution advice to be made available to Manitoba producers. As their product becomes more attractive to the domestic and international markets, the thirst for more experienced help in exploiting those markets is growing. This is discussed in more detail elsewhere in this report. However, it should be recognized that the complexities of marketing film and video productions, especially when the market entry points are not located in Manitoba, demands specialized expertise. It may be unreasonable to expect that expertise to be combined with location marketing and/or publicity and advertizing expertise.

CIDO should, in co-operation with Manitoba producers, focus more modest location promotion and services on Special Projects and Series which can be attracted from elsewhere in Canada through those programs. While not neglecting completely non-Canadian productions, more effort should be spent on facilitating access to marketing expertise with the view to widening sales opportunities for Manitoba's own independent production and providing a more stable rhythm of production involving Manitoba producers.

4.3.7 Training: Film and Video

Component 4 of the Agreement is directed specifically at Skills Development. Further, both Component 3 and Component 6 contain, as set out in the Agreement, recognition of the inter-relationship between production of film/video product and the need/opportunity for training and skills development.

In order to compete in the national and international marketplace, film/video products must not only be creative and entertaining, they must also be produced with standards of technical excellence which audiences are accustomed to, particularly on the television screen or in the cinemas. Such standards require not only money, but skilled and experienced sound, lighting, editing and other technicians.

In a young, relatively small community such as existed in Manitoba when the Agreement was signed, the opportunities to acquire the necessary skills were very limited. Apart from freelance work at the NFB or with local broadcasters, provincial independent production levels neither required nor occasioned the numerous technical professionals in demand in centers such as Toronto, Montreal or Vancouver.

The importance of training was evident in the Advisory Committee report: fully 11 of the 28 recommendations made to Ministers in the report dealt directly with training programs or support for related equipment needs.

The Committee's proposals suggested that in order to provide comprehensive training, programs should involve both industry professionals and provincial academic institutions. In recommending budgetary allocations within Components 3 and 4, the Advisory Committee proposed that $2.35 million be allocated to training programs alone, with an additional $0.75 million for equipment. These amounts represented approximately 60 percent of the five year budget for Components 3 and 4, excluding administration.

The subsequent industry consultations carried out by the Steering Committee found a widespread consensus that the Advisory Committee's emphasis was misplaced. Rather than allocate 60 percent of programming funds towards human resource and infrastructure development, the Steering Committee reported that the overall allocation should "heavily favour production with training coming as a by-product". The training approach proposed by the Advisory Committee was also questioned: the industry favoured on-the-job/apprenticeship training rather than academic.

As a result, the Management Committee accepted programs weighted more heavily towards production, but with an emphasis on a training element being present in each production. This would serve two purposes: productions would be used as a practical source of training with experienced professionals, and producers would be able to obtain incremental production financing if they would undertake to provide significant training opportunities.

As a consequence of this significant shift in emphasis, direct CIDO support for training was reduced to three programs and $750,000 allocated over the life of the Agreement. In addition, the establishment of expanded production programs under CIDO would provide training opportunities on a broader scale as production levels increased through the importation of outside productions under Special Projects and Series.

CIDO Training Programs

These programs, as they apply to film/video, can be summarized as follows:

Workshop Assistance: provides financial support in the form of a contribution toward the cost of organizing workshops given by industry professionals, and gives grants to individuals to attend such workshops. This is for Manitoba-based workshops only.

Professional Development Fund: designed for senior members of the industry; financial assistance in the form of a contribution is provided for "apprenticeships" with leading professionals, and assistance is also available in the form of a grant for attendance at workshops outside Manitoba.

On-the-Job training: on the basis of a training plan, financial support in the form of a wage subsidy for the trainee/apprentice is paid to the producer or organization providing the training.

Activity to July 1988

Recognizing that the CIDO Training programs became operational only in 1987/88, and further that until this year, CIDO did not have a training co-ordinator on staff, the limited level of activity is not surprising.

Workshop Assistance:

a) Workshop Co-ordination

Of the 16 workshops contracted or approved by CIDO to July 1988, seven have been directed towards film and three others towards video (or video/audio).

Workshop budgets for these seven total $77,766, with CIDO contributing $47,283, or 61 percent, well within the maximum of 80 percent provided for in the program guidelines. Three of the workshops have received the maximum of $12,000: one focussed on directing, and the other two on screen writing. It is important to note that one of the screen writing workshops was French language and led by Jean-Pierre Lefebvre, renown Quebec cinéaste.

b) Workshop Attendance (within Manitoba)

Of the seven Manitobans CIDO has supported to attend workshops in the province, four have been in the area of film or video. These four have attended workshops funded under the Workshop Co-ordination sub-program, one the director workshop and three others video-related workshops.

The total dollars expended in this sub-program are minimal; however, all appear to be within guideline limits.

Professional Development:

a) Apprenticeships

No applications have been approved under this sub-program of Professional Development.

b) Workshop Attendance (outside Manitoba)

The highest demand in this program has come in the first four months of the current fiscal year, with 21 applications in comparison to four in the previous fiscal year. Of these, 16 applications have been accepted by CIDO's jury in 1988/89, all in film.

Fully 10 of these 16 workshop attendance grants went towards Manitoba producers attending the Banff International Television Festival. The remaining six successful applicants received support for attendance at other workshop-type professional events, such as the Canadian Film Institute's Summer Institute for Film, and the International Film and Television Symposium in the U.S.

The high incidence of attendance at Banff in 1988 has been explained in part by the lack of experience in both the industry and within CIDO in managing the training program. Several Manitoba producers had applied under this program for support to attend the Banff Festival and its workshops on television production; others had financed their own way, unaware that their expenses would be eligible under the program. CIDO, in fairness and with the jury's blessing, agreed to accept applications post facto from producers wishing to take advantage of the eligibility of this event.

However, it has been a source of dissatisfaction within the industry that this lack of clarity exists. Further, as noted in the section on Marketing, there is confusion about attendance at festivals such as Banff which contain both workshop and market opportunities. Are Manitoba producers attending to improve their professional skills or to find potential markets for their projects?

The truth of the matter is that both occur in such situations. All festivals contain formal or informal markets; any pure market also contains panels or lectures. No producer goes to any such event without learning more about the marketing or types of product available on the market, or without talking to other producers about their experiences, or buyers about the product they are looking for.

What is required in the interests of achieving the training objectives of CIDO is to determine how best CIDO can support marketing of the projects now being developed by Manitoba producers, and whether broad-based support for attendance at these events is part of Marketing or Professional Development.

On-the-Job Training

The Final element of CIDO training is on-the-job training, which combines with production activity to offer trainee/apprenticeships with experienced industry professionals.

Five productions have included on the-job trainees, one being produced this year and therefore premature to be included in this evaluation. Of the remaining four, one is a Special Project, "The Outside Chance of Maximillian Glick" and is discussed below.

The three completed Manitoba productions have provided on-the-job training to 11 trainees. The total amount spent on trainees is $20,227, with CIDO providing 50 percent of the funds. These trainees were able to gain experience in variety television production in one instance, in television drama. In one case, the production was shot on 35mm film.

The Special Project provided on-the-job training in feature film production for 19 trainees at a full cost of $88,875 with CIDO's contribution of $20,602 being complemented by an additional $21,443 from Canada Employment and Immigration Commission programs. The production company itself put up 52 percent of the cost of the trainees.

Reactions to the on-the-job training experience in the case of "Glick" have been mixed. To some extent this type of reaction is understandable, as those involved within the Manitoba industry have had little opportunity since to exercise the new skills acquired on that production. A critical element in any on-the-job training program has to be continuity. In the case of "Glick", CIDO anticipated that a Manitoba-based feature would go into production shortly after the completion of "Glick", thereby providing not only continuity of experience for the trainees, but also a better skilled crew for the production itself. Unfortunately, for reasons beyond the control of either CIDO or the producers, the Manitoba project was delayed and is now scheduled to be produced this fall.

From the producers' point of view, the "Glick" experience indicates that some fine-tuning is needed if the program is going to be looked on favourably by non-Manitoba producers. The difficulties in attracting outside producers have already been noted. Those difficulties should not be compounded by requiring too high a trainee element as the price for CIDO production financing, under either Special Projects or Series. The ones who are at risk are the trainees themselves who find that they are not placed in meaningful learning situations working with professionals who have the time and disposition in a highly pressured environment to devote to the trainees.

Suggestions on how the on-the-job program could be made more effective from the trainees point of view include a) preliminary orientation for the trainees, especially those who have never worked on that type of production before; b) more rigorous selection standards exercised by CIDO perhaps in conjunction with industry associations as well as the producer concerned; and c) better evaluation procedures for both the producer and the trainees themselves.

Overview of Training

Given the very limited duration of CIDO's training programs, the evaluation must be a preliminary one. The programs as structured reflect the industry's view that training is necessary but it must be accomplished within the framework of production.

It must be recognized that CIDO is coming to terms with the need to manage its training element, with both the creation of a training co-ordinator position and the holding in July of an industry planning meeting. All interviewed expressed satisfaction, if not relief in response, to this initiative.

Several observations can be made which could be incorporated into this joint CIDO/industry planning process or implemented by CIDO itself. These are highlighted below:

1) Workshop Assistance:

a) Based on discussion with industry organizations through the planning process, a program of workshops to be held in Manitoba should be established on an annual basis, focussing on the most needed skills, Workshop attendance, the other sub-program, should be facilitated administratively by budgeting for a specified number of industry professionals to attend. Management of the applications could be handled by the workshop sponsor, subject to final approval by CIDO. This would serve to simplify contractual procedures for both CIDO and the individual applicants for workshop attendance support, and enable CIDO to publish the annual program well in advance.

b) If individual attendance cannot be satisfactorily combined with workshop co-ordination funding, then CIDO should examine its contractual documentation required at present for training grants of this nature. The amounts involved do not warrant extensive contracts and the perception of excessive bureaucracy may inhibit applications.

2) Professional Development:

a) Apprenticeships

This type of training is undoubtedly the most difficult to set up. Apprenticeships require an individual's commitment to spending six to 12 months away from home. However, they do allow for continuity in developing professional skills through working with experts over an extended period of time.

It may well require a re-emphasis within the CIDO training structures. In periods of limited local production, CIDO could provide senior technical personnel with continuing work opportunities outside the province through this

program. There is always the risk in any training opportunity of this kind that the recipients will be so enamoured of their new environment that they will decide not to return to Manitoba. However it does appear worth exploring with the industry.

b) Workshop Attendance outside Manitoba

As noted above, the use of this program by producers lacks clarity and overlaps with support available under the CIDO Marketing program. It is too early to say whether there will be a significant demand from the non-producer part of the industry for workshop attendance outside Manitoba.

Again as part of the planning process with the industry, CIDO should circulate information about technical seminars and workshops opportunities so that industry professionals can make better use of this possibility.

Producers seeking to expand their expertise and/or market ideas and projects, should be consulted through the association as to more focussed, co-ordinated support. This should be done in conjunction with a review of CIDO Marketing support as noted in that section.

3) On-the-Job Training

While acknowledging the limits inherent in this type of training program where production levels cannot provide continuity, on-the-job training is nonetheless possibly the most valuable in the long-term. Care must be taken, however, to ensure that enthusiasm for this program does not reduce its effectiveness for the trainees themselves, or its attractiveness for the producer.

Fewer trainees in a more organized environment will provide better results. That does not mean that costs can be cut. Rather it may mean maintaining a significant level of funding from CIDO, but concentrated on fewer on-the-job trainees.

More practical suggestions for improving effectiveness in on-the-job training situations are made above.

Conclusion

Training programs are difficult to administer without a well-defined strategy and objective, realistic goals. CIDO recognizes this and is working with the industry towards that end. Interviews with industry representatives confirmed that training is still a priority, and that the new energy finally being devoted to developing a strategy will be supported by the industry itself.

Pending this, conclusions regarding the appropriateness of current budgetary allocations would be premature. New ideas will continue to emerge,

such as the "executive producer-in-residence" which was mentioned on several occasions: this concept would have an experienced executive producer from outside Manitoba placed neutrally, possibly as a part-time lecturer at one of the post-secondary institutions, and available to work with Manitoba producers on their individual projects. It is questionable whether this type of "outside" expertise would benefit more than a very few. Executive producer functions within the industry cover such aspects of production as raising financing, pre-selling markets, legal considerations such as clearance of rights, etc. It is difficult to see that a single professional could assist with more than a few productions at a time, and, therefore, how cost effective such a proposal would be. Nevertheless, the Management Committee should encourage both CIDO and its Advisory Committee to be creative in exploring training options so as to maximize benefits to the industry, especially in times of lower production.

4.3.8 Industry Organization and Human Resource Development

One of the important indicators of progress in skills development, or other significant development initiatives within an industry, is increased membership in and development of professional organizations, unions and guilds.

Manitoba has experienced significant developments in the latter area during the pst few years, which is indicative of increasing stability and enhanced self-perception within the industry. Not all these developments are greeted with unanimous approval. The establishment of the Manitoba branch of the Association of Canadian Film Craftspeople (ACFC) is one such development. However, this together with the more vigorous and vocal role being played by the Manitoba Film Producers Association (MFPA) and the Manitoba Motion Picture Industries Association (MMPIA) all point to a new level of professionalism and business consciousness.

The ACFC's establishment has been the most controversial within the industry, given that it represents the first collective bargaining intervention in an otherwise free-lance environment. The Manitoba branch is the smallest within the ACFC, Canada's only wholly-Canadian technical union within the industry. Producers have voiced concerns that the ACFC's rate scales will increase costs, thereby undermining one of Manitoba producers' greatest competitive advantages, that productions can be made at lower cost in Manitoba. ACFC denies that its rates are high and is currently discussing with the MFPA members areas within its member contract where concessions can be made. It is not within the mandate of this evaluation to comment on the respective negotiating positions. But the introduction within the Manitoba industry of union pressures, does signify that normal industry dynamics are increasingly at work.

To place this in context, it should be noted that the ACFC nationally has about 700 members. To date, ACFC in Manitoba has 35 members including five trainees. It is widely recognized by both the ACFC and the producers that qualified professionals working in the Manitoba industry do not yet exist to

completely crew a feature film. However, the skills are developing, and with more active training opportunities, it is doubtful that the skills now absent in Manitoba will remain so for long.

The MMPIA has also taken up its role as industry spokesman and now has a full-time staff person and a regular newsletter. These associations have become strong lobbyists in support of the Manitoba industry's interests with government and within national associations, such as the Canadian Film and Television Association.

Several producers interviewed supported suggestions that the MMPIA should receive operating funding from CIDO to enable the association to better serve the interests of its member groups and the industry as a whole. At present, neither Telefilm Canada nor the Department of Communications provides such operating financial assistance to associations, although such support has been available for many years to other cultural industries, and particularly book and periodical publishing. The DOC does provide project funding on a limited basis, but it is insufficient to meet on-going expenses. Telefilm restricts operating grants to the Academy of Canadian Cinema and Television.

There is always the concern that public agency funding of associations may jeopardize the integrity of either party. However, as resources are available at this stage in the Agreement, financial support based on a business plan submitted by MMPIA could help significantly in solidifying the Manitoba industry's position on the national stage. Like other such provincial associations, MMPIA represents not only its constituents' ideas within the provincial context, but also serves as a conduit for national issues, such as tax reform, broadcasting and film-related matters. Support for the association to contribute to national as well as provincial debates will strengthen the industry's self-confidence and assist CIDO in achieving the Agreement objectives in the longer term.

4.3.9 Equipment Support Program

In the consultations following the 1986 Advisory Committee report, the Steering Committee found that the industry consensus was that access to equipment was not a major problem, except with regard to the absence in Manitoba of certain major items which could deter out-of-province productions from coming into the province. Nonetheless, the Steering Committee recommended $200,000 be budgeted for equipment grants to the non-profit sector to assist in training activities.

To July 1988, five applications have been approved under this CIDO program, of which three are in the film/video field. The total cost of equipment acquired is $97,408, with CIDO contributing $41,680. The other major single source of financing for these acquisitions has been the Canada Council, which has contributed $29,768 towards two of the purchases, by the Winnipeg Film Group and Video Pool. The third applicant supported by CIDO is located in Brandon.

All three grants are within the maximums imposed in the guidelines. However, CIDO's Equipment Support is available on a one-time basis, and it is noted that a second application from one of the successful applicants is on CIDO's pending July list, again co-financed by the Canada Council.

Comments on Program Objectives

The lack of diversity of applicants and also of demand brings into question the focus of this program. Given the existence of only a limited number of non-profit organizations in Manitoba, and keeping in mind that two of these are eligible for equipment funding from the Canada Council, the decision of the Steering Committee to focus on the non-commercial sector would appear redundant. Decisions to approve or reject applications for equipment grants may be subject to assessment by an outside panel at CIDO's discretion and applications from commercial production houses would inevitably give rise to jealousy or complaints.

This is not to say that the non-profit organizations do not need support, or are not worthy of support. Further, the remaining budget could only finance a minimal part of any purchase of major equipment required to put the industry on a competitive basis with other production centres.

However, given the need among local producers to develop or acquire such fundamental business tools as computers and software for budgeting and production accounting, a re-orientation of this program towards the commercial producers should be examined.

4.3.10 Marketing Support: Film Manitoba and CIDO

Introduction

The obstacles to be overcome by independent producers in Manitoba should not be underestimated. The main market entry points in Canada remain in Toronto and Montreal with only recently the establishment of new enterprises in Vancouver. Manitoba's television market can provide access to a broader national market, but the major decisions are made in the East. The requirement for demonstrated market interest in the form of a broadcast license or a distribution agreement is a fundamental criterion for federal production financing and for Manitoba's own investment.

The need for financial assistance in marketing product, at both the concept stage and after completion, is recognized by both Film Manitoba's programs and by CIDO. However, in reviewing the activity to date under the two programs, it would appear that the distinctions between the two have become blurred.

Film Manitoba

Film Manitoba's Promotion and Distribution Program provides assistance to Manitoba production and distribution companies for the promotion, advertising and marketing of qualifying productions, i.e. productions meeting the point system even if produced without the financial participation of Film Manitoba.

Since the program's establishment, only four projects have received support: one in 1985/86, two in 1986/87, and one in 1987/88. Total promotion/distribution budgets for these four projects was $39,968, of which Film Manitoba advanced $18,622. The balance was advanced by the applicant company itself at $19,250, with a minimal contribution of $2,096 from private sector sources.

In two instances the applicant was the production company. In the other two the applicants were the distribution arm of the production company and the Winnipeg Film Group's own distribution office.

Two of the productions supported under this program have reported revenues: one through a sale to CBC and the other through a distribution contract with a Canadian distributor covering Canadian theatrical, pay and home video, and foreign markets. Due to the small data base provided by these sales, revenues are aggregated and reported elsewhere in this section.

CIDO's Film/Video Product Marketing Support

During the Steering Committee's consultations with the industry, following the Advisory Committee report, a need for complementary marketing support to that provided by Film Manitoba was identified. The specific goals of that support were to facilitate the marketing of local product by supporting attendance by Manitoba producers and distributors at festivals, trade shows, and similar events within the industry.

The program budget is $100,000, and financial assistance in the form of a contribution is available for up to 50 percent to a maximum of $5,000 of the total costs including travel, per diems and production of promotional material.

Seven of the 12 applications approved between 1987/88 and July of this year have involved premiers. The remainder have consisted of the creation of various catalogues, showcases and promotional materials.

Total budgeted expenditures on projects to date are $115,832, of which CIDO has contributed $33,447, the applicant company $53,546, with the balance coming in minor amounts for two projects from market or private sources.

Only two of the seven projects premiered under this program have reported revenues.

Revenues

It must be understood that independently produced Canadian product is increasingly financed at the production stage by pre-sales to television and/or distribution advances for the theatrical/home video markets.

Illustrative of this trend are the breakdowns provided by Telefilm Canada in its 1987/88 Annual Report:

Television programming:
19% from Canadian broadcasters and pay television
14% from foreign co-producers, broadcasters, distributors

Feature films:
6% from Canadian distributors
2% from Canadian broadcasters and pay television
27% from foreign sources, primarily distributors.

These percentages represent approximately $65 million of Canadian and foreign revenues for television programming, and nearly $20 million for feature films, which have been raised in advance and used to finance production. The ability to generate revenues over and above these is, therefore, limited to secondary markets or markets not covered by these pre-sales. What this means is that the most important marketing is done in advance of production and as a vital part of project development activity.

As noted in the section on Film Manitoba development and production, the success of Manitoba producers in raising production financing from market sources has been increasing gradually. In production alone (as a comparison with Telefilm Canada's figures which are also based solely on production) the share of financing represented by the market has risen from four percent in 1985/86, to seven percent in 1986/87, to nine percent in 1987/88, to 31 percent to July 1988/89. This latter figure is attributed to a major Canadian television sale for one project and is therefore not indicative of a significant confirmed trend for future levels.

In development, market share of financing has also increased from four percent in 1985/86 to 18 percent up to July 1988. If pending projects as of July are included, the overall average for the three and a quarter fiscal years of Film Manitoba activity represented by market pre-sales is 14 percent, or approximately $1.4 million.

Post-Production Revenues

By contrast, revenues not used in the production financing are either limited by the extent of the pre-sales or flow gradually over several years as further sales are made or pre-sold markets open up again.

Figures on such revenues are difficult to obtain. However, though not covered in the 1987/88 Telefilm Canada Annual Report, figures for television programming only were provided in that agency's 1987/87 Annual Report. In that year, Canadian television production recorded revenues not used in the financing totalling $16 million which represented nine percent of total production costs.

CIDO reports revenues not used in the financing of Film Manitoba productions on only eight projects. These revenues total less than $200,000, representing four percent of all production costs. A substantial share of these revenues is attributed to one project, with three more reporting sales exceeding $15,000 each. The remaining four projects report very small single market sales.

Marketing Initiatives

Keeping in mind both the implications for future revenues of the use of pre-sales to finance production, and the time delays experienced with revenue flows from subsequent sales, marketing of Canadian independent production involved promotional efforts to increase audience and market awareness of the products and talent of the industry.

As noted earlier, Manitoba's industry does not include a distribution company operating on a national or regional commercial scale with a broad inventory of product. That said, the Winnipeg Film Group is very actively expanding its promotional and distribution efforts on behalf of its members' productions; and it is doing so successfully within the parameters of its product and focus. The Film Group attributes to CIDO support increased awareness of members' productions which have been screened in 23 festivals during the past year, over half of these festivals in the United States or Europe. Several of the productions won awards. In addition, the Film Group has premiered 16 productions by members in Winnipeg, many produced with the financial participation of Film Manitoba.

In all, the Winnipeg Film Group initiatives in marketing account for 41 percent of CIDO's contributions under the Film/Video Product Marketing Support Program. When combined with contributions to projects initiated by the other Manitoba non-profit co-op, Video Pool, this figure rises to 49 percent.

It is evident that, aside from the Winnipeg Film Group's initiatives, promotion and marketing of Manitoba projects as originally conceived in the Film Manitoba and CIDO programs, has been receiving less emphasis in relation to production during the initial years than had been anticipated. With approximately 60 percent of the budget allocated to CIDO's film/video marketing remaining, it is clear that a new focus should be examined to direct more effective support to the industry, to serve both audience development and individual production company needs.

The first part of that examination should review the apparent overlaps in activity between the Film Manitoba and CIDO programs: the latter's focus on

assisting attendance at festivals and markets has shifted substantially towards distribution/promotion, the focus of Film Manitoba. As noted in the Training section, attendance at such events, whether for purposes of legitimate marketing or professional development has been the main activity under Professional Development. It is questionable whether both marketing programs are needed or desirable under current industry requirements.

The second part of the examination should give consideration to obtaining experienced distribution and marketing advice for both CIDO and the Manitoba industry on ways of increasing pre-sales and on more effective marketing of products already completed. Given the Canadian situation, the creation of a Manitoba-based distribution or foreign sales company, or the diversification into this area by an existing company is not warranted at present as part of any initiative based on levels of production.

The projects now coming out of Manitoba, however, are gaining increasing attention from the Canadian market and potentially from foreign markets as well. More expert and consistent liaison between CIDO and Manitoba producers and existing Canadian distributors and foreign sales agents can help place Manitoba projects with the best marketing agents available in Canada.

The final part of this review should address audience awareness. By continuing to support, in conjunction with the Arts Council, the promotional activities of the Film Group, CIDO is raising local audience awareness and contributing to recognition within the festival circuit. Awareness of this type can contribute to subsequent sales, but unless the products are sold and distributed widely on television or theatrically, general audiences do not have a chance to experience the creativity of the Manitoba film and video industry. Whether broader promotional campaigns highlighting Manitoba projects should be undertaken by CIDO should be addressed in the context of realistic production levels projected for the next few years.

Conclusion

Marketing is essential in financing production and in obtaining subsequent revenues for investors. Manitoba productions supported by Film Manitoba's production financing have demonstrated growing ability to attract market pre-sales. However, revenues reported from subsequent sales are few and far between. Of the 11 projects whose distribution or release were supported by Film Manitoba or CIDO's Marketing program, only four have reported sales.

Nearly 50 percent of CIDO's marketing support has gone towards marketing initiatives of the two Winnipeg-based co-ops. This has contributed to substantially increased promotion for the productions by members of the Winnipeg Film Group in particular.

In evaluating the effectiveness of these two programs, overlaps in focus and activity are evident. A review of the Film Manitoba program and CIDO's Film/Video Product Marketing Support program is recommended to ensure more effective use of the budgetary resources remaining for this purpose in both

Components 3 and 4 and Component 6. The review should address the apparent overlaps among these programs and with CIDO's Professional Development program, the need for distribution and marketing expertise within CIDO to assist producers, and initiatives directed at promoting Manitoba productions with audiences and markets alike.

4.4 Incremental Impact of CIDO/Film Manitoba Programs

In Section 3.2.3 of this report estimates are presented on the overall economic impact of independent film and video production occurring in Manitoba from 1983/84 to 1987/88. This analysis determined that the level of production increased substantially over the five year period. It is, however, essential to this evaluation to judge the extent to which this increased activity can be attributed to funding provided through Film Manitoba and CIDO.

While it is not possible to define precisely the impact of the programs provided under the Agreement, it is possible to provide estimates of the probable impact based on a review of the projects supported by Film Manitoba/CIDO. What is clear is that sponsored production, that is TV commercials, industrial and educational productions, were not funded under the Agreement and therefore would clearly have occurred in the absence of Film Manitoba/CIDO assistance. This situation contrasts with that for other types of productions, namely TV program, feature length and non-theatrical productions, which were produced in extremely limited numbers prior to the establishment of Film Manitoba, and such production activity has subsequently relied extensively on Film Manitoba\CIDO for financing. It is estimated that of the projects which received Film Manitoba\CIDO funding, 10 percent of the activity would have occurred in the absence of the ERDA Agreement. In addition, it is believed that the two out-of-province productions shot in Manitoba would have been shot elsewhere had CIDO not been involved.

Table 7 shows the estimated incremental impact of the Film Manitoba/CIDO programs on project development and film and video production activity in Manitoba, including both direct and indirect impact. It is estimated that the ERDA funding caused an additional $2.5 million of production activity in 1987/88, which translates into a direct and indirect contribution to the economy of Manitoba of $5.2 million. In the same year, an estimated 38.9 person years of direct employment plus 26.1 person years of indirect employment can be attributed to the Agreement programs. The data also indicate that on a cumulative basis, over the three year period the Agreement programs contributed $9.1 million (direct and indirect) to the economy of the province and they generated 116.9 person years of employment.

In examining these data it should be understood that they exclude one major project, "Daughters of the Country", which had a budget in excess of $2 million. While this series of four one-hour productions involved many key individuals now active in independent production, it was formally an NFB project. The $500,000 provided to assist this project through the Manitoba Government was provided outside the framework of the Agreement.

TABLE 7

ESTIMATED INCREMENTAL ECONOMIC IMPACT OF FILM MANITOBA/CIDO PROGRAMS ON FILM/VIDEO PRODUCTION IN MANITOBA (1), 1983/84 to 1987/88

	1983/84	1984/85	1985/86	1986/87	1987/88	Total: 1983/84 to 1987/88
Total Impact						
A. Direct						
Output ($000's)	2,440	2,063	3,251	5,504	6,605	19,863
Paid Jobs	44.8	37.9	58.4	78.5	98.0	317.6
B. Direct and Indirect						
Output ($000's)	5,051	4,207	6,730	11,393	13,672	41,116
Paid Jobs	74.8	63.3	97.5	131.1	163.7	530.4
Estimated Impact Without ERDA						
A. Direct						
Output ($000's)	2,440	2,063	2,419	4,448	4,113	15,483
Paid Jobs	44.8	37.9	44.6	61.2	59.1	247.6
B. Direct and Indirect						
Output ($000's)	5,051	4,207	5,007	9,207	8,514	32,049
Paid Jobs	74.8	63.3	74.5	102.2	98.7	413.5
Estimated Incremental Impact (2)						
A. Direct						
Output ($000's)	--	--	832	1,056	2,492	4,380
Paid Jobs	--	--	13.3	17.3	38.9	70.0
B. Direct and Indirect						
Output ($000's)	--	--	1,723	2,186	5,158	9,067
Paid Jobs	--	--	23.0	28.9	65.0	116.9

SOURCE: Direct impact: data from Statistics Canada, financial statements of Manitoba production companies, Film Manitoba/CIDO and the Canadian Film and Video Certification Office, and were compiled and estimated by Paul Audley & Associates Ltd. Indirect impact: data are based on impact multipliers from Culture sub-division, Statistics Canada (output: 2.07 and employment: 1.667).

NOTES: (1) Data cover all types of independent production and project development activity and exclude production activity of broadcasters, NFB and other government agencies.

(2) Assuming that only 10 percent of the film and video production/development activity funded by Film Manitoba and CIDO would have proceeded in the absence of ERDA funding.

5.0 ADMINISTRATION OF CIDO AND FILM MANITOBA PROGRAMS

5.1 Introduction

This section will examine CIDO administration in relation to both policy and program issues identified during the evaluation, and the administration of CIDO itself, that is, the day-to-day operations of the office, its methods and procedures.

To better understand some of the concerns which were raised during the interviews concerning the management practices at CIDO, it is useful to examine policy and program issues which may have an impact on CIDO's internal administration, or which at the very least are seen to have an impact.

5.2 Policy and Program Adminstration Issues

Several issues directly related to both Film Manitoba (Component 6) and CIDO (Components 3 and 4) have been identified in the previous sections reviewing individual sub-programs. These are discussed now in more detail as their resolution will affect the administration of CIDO and, ultimately, the results being achieved through the Agreement.

5.2.1 Manitoba Content: The "Point" System

As noted in section 4.1, all productions financed under Film Manitoba have met and exceeded minimum requirements of the point system established in 1985 for determining Manitoban content.

The point system has well-known precedents: both the certification of Canadian productions for the Capital Cost Allowance and the CRTC's definition of a Canadian program are based on similar systems. Such systems are generally viewed as fair, since points are simply awarded for the (in the case of Manitoba) province of residency of an individual performing a specific function in a production, and this provides a straight-forward, objective method of satisfying public policy directions.

There is a tendency to view adjustments in a point system of this type as an instrument for achieving changes. For example, when the Capital Cost Allowance certification was obtainable without the use of a Canadian performer in either of the two starring roles, the definition was tightened to require a Canadian in one of these roles as a means of increasing the "Canadianness" of a production and developing our own stars. This was regarded by most as a very positive change, reflecting, as it did, a response to a concern that productions under the CCA were generally simply made in Canada, but not reflective of Canada and Canadian creativity.

In the case of the Manitoba system, a trend appears to be developing which may be viewed negatively. From almost 100 percent Manitoban content in the initial years' production, an increasing number of more recent projects, most notably in drama, are making use of non-Manitoban writers, performers and post-production facilities. This trend could be attributed to the growing sophistication of Manitoban producers seeking a wider source of script ideas, creative talent and sound-mixing/editing quality. However, as locally-based talent and facilities stand idle, this trend is also likely to result in increasing demands for tighter limits on the use of outside talent.

Documentaries are also beginning to pose a problem. CIDO's Advisory Committee has addressed the "point" currently required for a Manitoban subject, recommending that it be revised to a "point" for shooting in Manitoba. The rational for this is unclear, and the Committee's recommendation begs the question given the nature of documentaries, of whether the province is expected to disguise itself as some other location in Canada or abroad. It would seem more worthwhile, particularly in light of Manitoba's rich heritage of writers, creators and public figures who have moved elsewhere, to provide the "point" either for a Manitoban subject or a project shot in Manitoba.

Conclusion

Generally, those interviewed expressed no substantial complaints about the current Film Manitoba point system. Several producers did comment on its complexity, but in general felt it was fair.

Given its importance, however, it is suggested that CIDO make use of its data base to record and monitor use of Manitobans in the various point positions identified in the system. This would ensure that the system continues to encourage the use of Manitobans, while recognizing limits on availability of talents, crews and facilities consistent with the growing demands for quality. It would enable the system to be employed to target training support being planned each year by CIDO in conjunction with the industry.

An effective data base would also assist both CIDO and the Advisory Committee to address the need for changes and respond to any criticisms which may arise in the future.

5.2.2 Deferrals

Use of deferrals as a means of completing production financing is not unusual in any independent production industry. This is not to say, however, that it is a desirable method of financing. Deferrals result in producers not receiving fees, and in cast and crew not getting paid. In other words, legitimate costs of production are covered out of the pockets of men and women with bills to pay and mortgages to meet. Moreover, to the extent that

producers do not receive their fees, the result is simply to perpetuate or compound the problems that result from the limited internal resources available in production companies in the province. Moreover, to the extent that producers do not receive their fees, the result is simply to perpetuate or compound the problems that result from the limited internal resources available in production companies in the province.

Regrettably, when production costs cannot be covered from normal sources such as the market, private investors, or government agencies, then producers have no choice but to ask themselves and others involved in the project to wait to get paid from any future revenues the production may earn. Some can wait forever!

The prevalence in Canada of deferrals, especially in the personal vision types of productions usually financed in part by arts councils, but also more recently in most commercially-oriented independent production, underlines the enormous dedication and commitment of industry members. Few other sectors of the economy would consider deferral of salaries as a financing measure, and no level of government would provide investment in such a way as to condone the expectation that workers were not getting paid. The independent production industry is probably unique in this respect.

Film Manitoba's practice has been to base its investment on the so-called "cash" budget of a project. That is, total cost less any deferrals. This practice accomplished two things. first, it relieved Film Manitoba of the administrative requirement to verify the legitimacy of deferrals being claimed by the producer. Second, it encouraged producers to avoid deferrals by reducing the base on which Film Manitoba's participation could be calculated.

As noted in section 4.1, this treatment of deferrals may have been justified in Film Manitoba's start-up years when the majority of productions were using talent and crews who traditionally would defer payment in the interest of getting the project made. The large proportion of deferrals in the financing would have required time to verify especially as crews and talent were not working within union scales.

However, with reduced levels of deferrals appearing in projects now before Film Manitoba, this administrative concern no longer appears valid.

Conclusion

Should the producer be forced by the absence of alternative sources of financing to choose deferrals, Film Manitoba should recognize this either through inclusion of that portion of the budget in its calculation of participation, or through permitting recovery of those monies from future revenues in a privileged recoupment position ahead of CIDO. If this latter route runs counter to current practices at Telefilm Canada, CIDO should lead the Manitoba industry in lobbying that vital investor.

5.2.3 Ceilings

Ceilings on the level of financial participation are an administrator's dream and a producer's nightmare. The former uses ceilings for orderly planning and budgetary projections. The latter is constantly calculating how much is required from the agency to pursue the development of a project successfully or to complete its production at a level of quality acceptable to the market.

Ceilings set by Film Manitoba have been identified in Chapter 4. To avoid repetition here, only two examples will be used, the $40,000 for development and the $200,000 for feature film productions. * (* Since the text was drafted, the ceiling on production funding has been increased.)

i) Development

Development is speculative "R & D", the highest risk stage in getting a product on the screen. Production companies and individual producers lack the capital base from which this risk can be taken on and usually try to find matching money at Film Manitoba to meet Telefilm Canada's requirements, and vice versa. In addition, producers must also meet the development preferences of broadcasters or, in the case of theatrical features, of distributors.

Thus the producer is juggling the demands of at least three financial/market sources in order to take an idea through the treatment stage into progressive drafts of a screenplay, and to sell the concept to other potential buyers and financial partners.

At Film Manitoba, a producer must progress through a three stage application process before obtaining the maximum of $40,000 development financing for a project or a group of projects. This ceiling compares to other maximums, such as:

Telefilm	$100,000 per project $250,000 per company
B.C. Film	$ 10,000 for script development $ 35,000 for pre-production
A.M.P.D.C.	$ 15,000 for initial development $200,000 for pre-production
SCGIC (Quebec)	$ 15,000 for development $ 35,000 per project, up to $50,000 for features

While Film Manitoba's ceiling is relatively comparable to other provincial agencies, the spread of support levels offered underlines the absence of any

precise formula for capping development costs. These ceiling or "normal maximums" are obviously related to the agency's overall budget and priorities. However, they also recognize that development includes packaging the project to attract the interest of markets whose entry points may be geographically distant, and also that other sources of development financing may not be available.

ii) Production

The shifts in Film Manitoba's production financing ceilings have already been noted and, for purposes of comparison, the $200,000 theatrical feature limit will be used here. It should be noted that, as of July 1988, the only feature films produced independently in Manitoba by Manitobans have been through the Winnipeg Film Group. * No 35mm feature has yet emerged from the Manitoban industry, though several are in development or "pending" for production. (* Since the original draft of this report was completed two Manitoba features, "Mob Story" and "Last Winter" have proceeded.)

The ceilings for theatrical features are:

Manitoba: Film Manitoba	$ 200,000	
Special Projects	$ 300,000	provided a Manitoban co-producer is used
Telefilm Canada	$1,500,000	
Plus		20% for regional, French or cultural
B.C. Film	$ 500,000	
A.M.P.D.C	$ 500,000	
SOGIC (Quebec)	$ 600,000	
O.F.D.C.	$ 500,000	theatrical features
	$ 250,000	low-budget features

In addition, the NFB as a result of the announcement of a new program in May, 1988 will be investing in co-productions with the private sector in the regions. Its ceiling is $500,000.

The spread for feature film financing among the federal and provincial agencies shows more consistency, related primarily to availability of resources. However, the disadvantageous position of Manitoba's producers is evident.

Even within their own province, independent producers can expect to obtain less investment than an out-of-province producer being financed under CIDO's Special Projects. It is precisely this inequity that the CIDO Advisory Committee attempted to address in its recommendations for new ceilings discussed in Section 4.1.

Conclusion

Film Manitoba and producers now have three full years of experience. Individual producers are gaining "track records" in drama and in obtaining market approval. Film Manitoba is now able to better assess the risk involved with such producers, and should have the flexibility to invest more in development of single projects, and in packages of projects being developed by a single production company, where it believes higher levels will ensure higher quality.

With the support of the Advisory Committee, CIDO should develop, for development by the Management Committee, a more flexible annual financial plan for the Film Manitoba programs in which discretion can be exercised and Manitoba producers can be placed on a more equitable footing in relation to their counter-parts in other provinces.

Such an approach could focus less on establishing firm ceilings which might be exceeded under exceptional circumstances, and more on establishing annual allocations for development and production. Provision of quarterly reviews would permit transfers of unused dollars to meet or stimulate demand for development or production funds.

Producers interviewed also raised a concern over the policy which would permit CIDO to cross-collateralize development financing, that is, to require a producer with two or more projects in development to repay the combined debt when any project goes into production. This has been standard practise within Telefilm Canada for English projects and is not uncommon. However, as noted above, Telefilm's ceiling per company is high, permitting much more flexibility than Film Manitoba's ceiling of $40,000. This policy should be reviewed with the Advisory Committee, although we note that in practice CIDO has never applied this policy.

5.2.4 Marketing Support and Location Services

The problems currently associated with CIDO's Location service and its Marketing activity have already been discussed at some length in sections 4.2 and 4.3. To summarize, the existing Location service appears to be casting its net too widely in an attempt to attract American productions against what are at present almost impossible odds. The absence within CIDO of experienced professional marketing advisors is hampering both CIDO management and the clientele in expanding market opportunities for Manitoba independent product.

Conclusion

A more focussed and modest Location service should be maintained, given the relatively low cost and substantial economic benefits which can result from just one or two productions using Manitoba as a location. However, in the future, this scaling down of location promotion should be accompanied by increased emphasis on the marketing of indigenous productions. The problems faced by Manitoba independents in the Canadian television market are detailed elsewhere in this report. It must be recognized also that no Canadian theatrical distributor has, as of July 1988, been involved in a Film Manitoba production. The only theatrical distribution agreement identified during this evaluation involved a feature produced by a Winnipeg Film Group member, and the difficulties experienced by the producer and the WFG underline the importance of making available expertise in marketing.

5.2.5 Training/Professional Development

Though there has been only limited activity in this area of CIDO programming, numerous problems are already evident, as discussed in section 4.2. The resolution of these problems will have an impact on the policy and program refinements suggested in marketing.

The absence of a concerted Training/Professional Development policy and strategy for its implementation is being addressed by CIDO in consultation with the industry associations. Several suggestions have already been made for improvements to the existing program definitions and delivery systems.

The issues are discussed in detail in section 4.2 and do not require repetition. However, reference to Training/Professional Development is made here in order to emphasize its importance to the industry as a policy issue and to CIDO as an administrative concern.

5.3 Operational Administration

The operational administration issues which have been identified during the course of the evaluation directly effect the day-to-day management of CIDO, as well as its methods and procedures. Many of these issues were raised independently by industry representatives during interviews; others have been identified during the data gathering required in the evaluation itself.

5.3.1 Cost of Adminstration

With any public agency or department, the risk exists that client groups will criticize the cost of administration. The more money that is expended on

adminstration, the less money clients perceive is available for the real purposes of the programs being administered.

CIDO is no exception. It is recognized, however, that certain fixed administrative costs do exist whether the program budget being managed is $2 million or $22 million.

That being said, another factor must be recognized in examining administrative costs. As noted, CIDO's ability to carry through on its decisions to invest is dependent on the rest of the financing falling into place. Given the reliance on Telefilm Canada's participation for both development and production financing, all the willingness in the world on the part of CIDO to sign the contract and advance its funds to the producer will not result in annual budgets being expended, if Telefilm has to put projects "on hold" until its next fiscal year.

CIDO's administration costs are covered by two sources under the Agreement. Those costs associated with the management of Film Manitoba are funded by the Manitoba government; costs associated with the CIDO programs are funded out of the total budget for Components 3 and 4. These costs cover all CIDO activity in film, video and sound recording.

The proportion of funds allocated for administration under Components 3, 4 and 6 is not unreasonable when viewed as a percentage of the funds which were expected to be dispensed in program support. In the case of Component 6, 21.8 percent of the overall allocation ($1,325,000 of a total budget of $6,075,000) was allocated for administration; while in the case of Components 3 and 4, 19.3 percent ($1,330,000 of a total budget of $6,875,000) was allocated for administration. Recognizing the inevitably higher costs to be expected early in the establishing of new programs these allocations appear acceptable. By comparison we note, for example, that FACTOR's administrative costs in 1987/88 were 17 percent of its total costs.

The difficulty that has arisen, however, is that the program funds have not flowed into the industries involved at the expected rate. As noted above, the reasons for this were to a substantial degree beyond the control of CIDO and Film Manitoba. A major factor, of course, has been delays in, or failure to access, Telefilm Canada financing. To the extent, however, that funds have flowed more slowly than was expected, the ratio of administrative expense to total budget has been increased, so that in some years administration has represented in excess of 25 percent of total costs.

It will clearly remain difficult to estimate with precision on an annual basis the extent to which funds will flow to the industry. The purpose of some of the recommendations made in this report is in part to permit a more predictable flow of funds to Manitoba production projects through permitting greater flexibility.

While there will continue to be difficulty in predicting total expenditures on an annual basis, it is essential to set targets for administrative costs as a percentage of total costs. Any percentage that is significantly in excess of 20 percent should be a cause for concern. We recommend that careful

attention be given to controlling the ratio of administrative expense to total budgets, with the target being to reduce such costs to 20 percent in 1989/90.

5.3.2 Staff

There is a general though sometimes grudging admiration for CIDO staff dealing with the film and video industry which has been expressed by those interviewed. The evaluators found a very commendable level of dedication among staff at all levels, despite the often difficult situations which must be confronted when projects get stalled for reasons beyond their control.

Two positive suggestions should be addressed. The first concerns the growing demand for more expertise within CIDO to complement the increasing sophistication of the industry. Interviews identified marketing and distribution as one area, as noted previously. Other areas identified included script analysis and "executive producer" advice.

It was generally acknowledged by those interviewed that professional expertise in these areas is not readily available in Manitoba. The industry is still small and producer/directors have little expertise; hence the demand to provide it through CIDO. While indications in interviews were not negative towards the hiring of professionals from outside the province, further consultations should take place with the CIDO Advisory Committee as well as an analysis of the impact on CIDO administration costs, which must not be allowed in the aggregate to increase.

The second suggestion concerns the desirability of reviewing workloads and position descriptions in an effort to streamline CIDO management. Such a review should be done in the context of addressing the question of greater expertise and implementation of other operational improvements suggested below. It is observed here that, as contractual requirements become more regularized (ref. Contracts) and reporting systems established in CIDO's data base, some functions now carried out by senior staff could be delegated.

5.3.3 French-Language Services

CIDO is a joint federal-provincial initiative, yet it does not provide full services in French, as well as in English. French producers, though not numerous, are active in Manitoba and are opening up new markets for this very important cultural facet of Manitoban life. They are seeking effective service from CIDO in French, or would prefer to do business in English. Regrettably, the latter has proven to be the rule to date.

The industry's French-speaking component does not wish to be given token status, or risk having their projects short-changed by CIDO's inability to analyze projects or enter into contracts in French.

CIDO management is aware of this issue and are attempting to deal with it. Contracts have been translated into French through the auspices of the federal Department of Communications, but are not in use. There is also the problem of finding experienced staff who are not already active in the industry itself.

Conclusion

The provision of effective, high-quality service to Manitoba's French-speaking producers is critical in both an administrative and a cultural sense. Given the small talent base available to CIDO, the Management Committee might assist CIDO in developing a supportive arrangement with Telefilm Canada which could facilitate verification of French contracts and identify French-speaking script readers who could be brought in on short-term arrangement as required.

5.3.4 Contracts

CIDO's contracts are based on standard industry financing practices and are compatible with those of Telefilm Canada, the other major public investor. The legal obligations and requirements may appear to some interviewed to be onerous, but that is the price of doing business in the film and television production industry.

The evaluation has identified potential areas for streamlining CIDO production contracts, particularly with respect to standard clauses regarding revenue reporting obligations, insurance, securities and other investment projections. Such standard clauses could be attached as non-negotiable schedules.

It should be noted that CIDO employs outside legal counsel thereby keeping down its legal costs.

These observations on CIDO contracts do not apply to its contract for Training/Professional Development support; and industry complaints about the paperwork involved do seem justified. Given the amounts of money involved in Professional development grants, a shorter "letter of agreement" or contract would contribute to more efficient administration.

Conclusion

With the exception of Training/Professional Development, CIDO contracts require only streamlining rather than substantial revision. Nevertheless, CIDO should consider holding periodic seminars for industry personnel to explain the legal intricacies of development and production financing which give rise to the contractual obligations. These two measures would reduce the

perception that CIDO may be too demanding, and reinforce an appreciation of the business of independent production within the industry.

5.3.5 Application Forms

Another area where those interviewed commented on the level of paperwork required by CIDO was the application forms. These are somewhat cumbersome, requiring multiple copies of the completed form and accompanying documentation.

Extraneous documentation is not being requested, except in respect to Employment Reports, which are now required at several stages during production, and would be more suitably required only with the final cost report.

It is suggested, however, that CIDO examine whether its own clerical staff could not take on the task of making the requisite number of copies for internal use, without unduly increasing administrative costs.

5.3.6 Information Systems

In terms of financial administration, CIDO possesses the basis for a comprehensive information/accounting system. The evaluation identified the requirement of a more detailed breakdown of financing sources which would serve CIDO in analyzing trends, particularly with respect to CIDO dollars generating higher levels of financing for production from federal and market sources.

Similarly, the evaluation found that status reports on projects in development and production, both contracted and "pending", required more consistent updating and verification. These are important tools for management in assessing the effectiveness of policy and program criteria and in forecasting operational levels for budgetary requirements.

CIDO operates with a central filing system, though the evaluation noted that not all projects files were complete. Given the relatively limited number of projects in development and production, this should not be difficult to correct.

One useful additional to the CIDO central filing system, of benefit to both clients and staff, would be the establishment of "company" files containing the necessary incorporation documents and financial statements. This would eliminate the need to request such information for each project submitted by a company, though any changes in corporate information would necessitate updating.

As more projects reach the market, CIDO will have to regularize reporting obligations on the producer's part. This could be incorporated into CIDO's data base if quarterly reporting dates are set, and a list of producers who may be in default of their reporting obligations maintained.

None of these suggestions should be costly in administrative terms, or onerous for either CIDO staff or clients. Internal business practices help establish sound business-like practices in the industry.

5.4 Conclusions

CIDO management should be commended for its achievements during its initial start-up period. The issues discussed in this section can be resolved in the interests of smoother program delivery and more efficient operations.

Administering joint federal-provincial programs in the volatile cultural industries sector has no precedent and the scope of programs being managed by CIDO under the three Components is broad. More flexibility, combined with streamlined administrative tools can ensure greater responsiveness to an industry which is demonstrating its business acumen as well as its creative resources and talent.

6.0 RELATIONSHIP BETWEEN ERDA AND OTHER GOVERNMENT PROGRAMS AND AGENCIES

6.1 Introduction

As intended by the ERDA sub-agreement, the film and video initiatives under the three Components have assisted Manitoba's industry in obtaining somewhat higher levels of financial support from the national programs administered by federal agencies such as Telefilm Canada, the National film Board and Canada Council.

Manitoba's independents have proven their ability to create the kinds of films and videos deserving this support, and are overcoming some of the obstacles that regional industries face when competing on a national level with more concentrated centres in Ontario and Quebec where these agencies are head-quartered.

The participation of Telefilm Canada, the NFB and Canada Council are discussed below, as well as that of the Manitoba Arts Council.

6.2 Telefilm Canada

Telefilm Canada, the federal agency responsible for the development of Canada's private sector film and television industry, has increased its level

of support to Manitoba productions over the past three years. When the Agreement was signed, it incorporated "Schedule B", a budget summary which included a statement that it was anticipated that investment under the Agreement would generate an additional $2 million financing annually for Manitoba projects from Telefilm.

It must be understood that Manitoba's share of Telefilm's funds are calculated differently by Telefilm and CIDO. For Telefilm, a Manitoba project is any project where the producer's province of residence is Manitoba. For CIDO on the other hand, an eligible project must not only include a Manitoba producer, but must also meet the criteria set out in the Film Manitoba or CIDO guidelines related to the location of production.

These differences in approach can lead to projects being treated by Telefilm as Manitoban, although they are shot outside the province with a non-Manitoban crew, and are therefore ineligible for CIDO funds. To avoid any confusion, this evaluation has adopted CIDO's definition and where financial information was made available on Telefilm financing for projects undertaken by Manitoban producers but not eligible for CIDO, such information has been identified in aggregate form separately.

Telefilm's development and production financing for television production is market-driven to the extent that a project must have broadcaster interest in the form of a letter, with money attached, before Telefilm will consider an application. For theatrical feature films, an agreement with a Canadian distributor covering the domestic market must also be in place. The dollars required to be committed by the market in the case of development financing can vary depending on the stage of the project's development. While CIDO has also adopted this approach in principle, the initial years of Film Manitoba, and the requirement for development stage market interest, have been dealt with more flexibly in the interests of helping the industry get underway.

Telefilm's participation in Film Manitoba-financed projects has increased as a percentage of the overall financing (development and production) from 3 percent in 1985/86, to 21 percent in 1986/87, to 42 percent in 1987/88 and 49 percent in 1988/89 on the basis of contracted projects (see Table 8).

As a percentage of Telefilm's total expenditures, however, these dollars are insignificant. For 1987/88, for example, Telefilm provided $104 million in support and the funds provided to Manitoba producers represented about half of one percent of the funds available. This figure takes on added significance when it is understood that in 1987/88 there was a feature film which met the criteria of Telefilm; that also had CIDO or Film Manitoba commitment; and which did not proceed because Telefilm funds were not available. In the current year there are also a number of Manitoba projects on which there have been what appear to be unreasonable and unnecessary delays on Telefilm's part in providing a response. The result is growing frustration and uncertainty.

TABLE 8

TELEFILM CANADA (CFDC) ASSISTANCE BY LOCATION OF PRODUCER, MANITOBA AND CANADA, 1981/82 to 1987/88
($000's)

	Manitoba	Canada	Manitoba as a % of Canada
1981/82	10	3,871	0.8%
1982/83	50	4,320	1.2%
1983/84	44	12,313	0.4%
1085/85	130	45,215	0.3%
1985/86	31	72,395	--
1986/87	290	76,335	0.4%
1987/88	528	104,147	0.5%

SOURCE: Telefilm Canada/CIDO

As of the date of completion of this draft report, Telefilm's commitments to Manitoba projects in 1988/89 were $573,648. Telefilm is also committed to participating in a feature films which is being produced by a Manitoba-based company, but does not qualify for CIDO funds. The amount of Telefilm's investment has not been included in these figures as it is impossible to determine what portion of the production, if any, will be of benefit to Manitoba.

On the positive side, the market interest in productions being financed with Film Manitoba support is underlined by the presence of Telefilm investment in the three productions contracted by CIDO in 1987/88 and in the two contracted to July in the current year. However, this also underscores the vital importance of Telefilm not only to the successful efforts of producers to finance their productions, but equally important, to the ability of CIDO to achieve the goals set by both governments in the Agreement.

Telefilm, as of 1988/89, can provide up to 49 percent of the budgets of independently produced Canadian television programming, up to 49 per cent of feature films, plus an additional 20 percent for cultural, French-language or regional features, as well as financing of Canadian distributor's guarantees on feature films It is not inconceivable, therefore that Telefilm Canada may be responsible either in the form of direct investment or indirectly through the distributor, for 70 percent of a $3 million regional feature film.

For a Manitoba producer seeking to finance a feature film, Telefilm's approval of the project is, therefore paramount. CIDO's investment through Film Manitoba is essential; Telefilm's investment means life or death.

The situation is only marginally improved in television production. There at least the broadcasters are better equipped financially to commit license

fees with their own cash. However, those fees are representing only 13 percent of the total production costs of Manitoba productions to date under Film Manitoba. Though this source is independent and serves to trigger Telefilm's participation, the producer is still left with a shortfall. This financing situation is discussed separately later in this report. (see Market Potential)

The 1986 Advisory Committee Report recommended that Telefilm open an office in Manitoba to ensure better access to the agency and better service to the clientele.

Interviews carried out during this evaluation revealed that, while the demand for a Manitoba Telefilm office may have subsided, considerable dissatisfaction remains with the agency. Industry representatives welcome the concept publicly announced by Telefilm of a more autonomous office for Western Canada. However, they also observe that the office is located in Vancouver. Faced with a choice of services from Telefilm from either Toronto or Vancouver, the problem remains that contact with the Operations and Business Affairs staff of Telefilm Canada involves a $500 trip.

Despite the examples of Manitoban projects which have received Telefilm funds, the perception exists that the success has been hard won, the obstacles are inordinately high, and no continuing attention is being given to ensuring that a reasonable, albeit very modest, amount of Telefilm money is available to assist in a predictable way eligible Manitoba projects. That perception will continue to grow as Telefilm's financial role in the industry expands. The situation of Manitoba's producers is not unique: other regional industry centres outside of Halifax and Vancouver also face travel and communications costs which, to credit Telefilm, are offset as much as possible. Nonetheless, the dissatisfaction with lengthy delays in processing applications, and in providing service to Manitoba producers, suggests that Telefilm should either build up its existing Western office, or establish an office in Manitoba, if it is to more effectively play its essential role in supporting the development of the industry in Manitoba.

CIDO, as a joint creation of the provincial and federal governments, has an important role to play. As an advocate of Manitoban producers and as a facilitator in making Telefilm aware of projects coming out of the provincial industry.

Most importantly for the achievement of ERDA objectives, the issue of targeting if not allocating funds to be set aside for regional production should be reviewed. If Telefilm as a major financial participant in Canadian independent production continues to be faced with demand in excess of resources, then regional producers, who face more obstacles in bringing projects forward to Telefilm, cannot be made to wait in a line which forms suddenly half way through the fiscal year.

Industry experience suggests that less than 50 percent of projects pending at any one time make it into production. Accepting that assumption, the protection by Telefilm until late in the calendar year of funds for one or two

more Film Manitoba supported projects would contribute significantly to CIDO planning and to industry development and stability in Manitoba.

In conclusion, the evaluation has found a marked increase in Telefilm Canada participation in CIDO-supported projects. This finding confirms that the market interest in Manitoba projects has increased with improved quality and competitiveness of the projects being selected by CIDO. Dissatisfaction, however, remains high among Manitoba producers over access and service provided by Telefilm as the federal agency mandated to develop the industry in Canada, including the regions. As Telefilm's impact on that development becomes ever more predominant, the potential of producers in Manitoba, as well as agencies such as CIDO, to fulfill their potential is becoming increasingly dependent on Telefilm Canada. This inter-relationship must be addressed in a policy sense by both the federal and Manitoba governments if the objectives set under the Agreement are to be met.

The original target set for Telefilm support to Manitoba projects was $2 million annually. Since 1984, when that target was set, Telefilm's budget has more than doubled. At present a $2 million commitment annually would represent substantially less than two percent of Telefilm's budget, which has been increased substantially over the past year. In the light of the growth that has occurred in the Manitoba industry, and the major increase in Telefilm's resources, it does not seem unreasonable to view $2 million as a minimum target for Telefilm's annual commitment to Manitoba's production industry. This would represent in 1989/90 approximately 1.5 percent of available Telefilm assistance. By comparison, Manitoba represents about 4.2 percent of Canada's population.

As noted earlier in this report, no one could reasonably have expected the $2 million benchmark figure for Telefilm support to have been met in the very early years after the Agreement was signed, since almost no qualifying types of productions were being done in Manitoba. It is also important in assessing the flow of Telefilm funds to Manitoba to look at the percentage of the qualifying kinds of film and television projects being done in Manitoba, Manitoba's share of the national industry, and the percentage of applications to Telefilm which come from Manitoba producers, as well as at population figures. There will, in fact, never be a formula which everyone agrees represents the amount Manitoba producers ought to receive from Telefilm. Rather it will continue to be a matter of deciding what is reasonable in any particular year, based on the situation at that time. However, this does not mean that a judgement should not be made as to what constitutes a reasonable minimum level of support.

6.3 The National Film Board

The role played by the NFB in developing film-making as a form of creative expression in Manitoba is widely recognized. One producer interviewed attributed Manitoba's emergence as "a hotbed of animation" to the influence of the NFB, both through its regional office and its former animation studio in Montreal.

Overall, the NFB has provided just over $100,000 towards the production financing of Film Manitoba projects, most of this in the first two years. This contribution comes primarily from its program to assist independent producers which offers on a non-priority basis, processing and other post-production services in the NFB's facilities in Montreal.

It should also be recognized that the NFB was largely responsible for the successful "Daughters of the Country", a four part drama series shown in prime time on the CBC's English television network, which involved many talented individuals now at the forefront of Manitoba's independent production industry. An NFB production, "Daughters" was co-financed through the Manitoba Jobs Fund prior to the start-up of Film Manitoba.

In 1987/88, the NFB also participated financially in the CIDO Special Project, "The Outside Chance of Maximillian Glick", through the Telefilm/NFB Accord just then established to help finance regional English language feature films. The future of this Accord is now in doubt, and indeed may be rendered redundant with the announcement of a new five year Independent Production Program by the Minister of Communications in May, 1988. This program will provide $5 million annually to the NFB for co-productions with independent producers of low budget Canadian dramas and documentaries. NFB Manitoba anticipates this program will inject $400,000 per year into Manitoba productions.

6.4 The Canada Council

The Canada Council has been a significant funding body for the two co-operatives in Winnipeg, as well as providing production grants to individual Manitoba filmmakers. In the first year of Film Manitoba, Canada Council production grants used in the financing of Film Manitoba projects totalled nearly $98,000.

The absence of Canada Council production grants in projects supported by Film Manitoba in recent years is due almost exclusively to changes in the nature of the productions now being developed in Manitoba and their ability to raise financing from other federal and market-related sources.

However, additional funding for the Council's production program was also announced by the Minister in May, 1988. This annual increase of $600,000 to the Council's existing budget of $740,000 for production grants will go towards feature-length drama and documentaries produced on film. This represents an additional potential source of financing for Manitoba producers, keeping in mind the Canada Council's involvement in such Canadian success stories of the past as "I've Heard the Mermaids Singing".

The Council's most consistent support to the Manitoba industry continues to be in the realm of operational funding for the co-ops and in project funding for the co-ops' workshop, equipment acquisition and distribution activities. As noted elsewhere, the provision of support in these areas by both the Canada

Council and CIDO should not be regarded negatively. However, recognising the needs of the Manitoba industry and the roles played by the Winnipeg Film Group and Video Pool, and taking into consideration the resources available at the Canada Council or the Manitoba Arts Council,it remains important for CIDO to broaden its focus in these areas to ensure that resources are put to the best use in the interests of the industry's long term development.

The Canada Council's funding, exclusive of individual production grants, in Manitoba in 1987/88 totalled just over $100,000.

6.5 Comments on Federal Agencies

Manitoba's infrastructure is benefitting from the federal sources of funding available through Telefilm Canada and through the NFB and Canada Council. The addition of the new funding for non-theatrical production now available from the Department of Supply and Services will further increase federal resources devoted to the industry.

Each of these federal agencies has its own specific mandate and objectives and Manitoba industry projects will have to fit the specifics in order to take full advantage of the support available. Given the ingenuity demonstrated in the past, the industry can succeed in gaining access to a share of those resources. CIDO should play an active role in helping the industry understand those programs and lobby for projects which qualify. The myriad of programs available to the industry can be a daunting prospect for producers: among the many and difficult roles played by a provincial agency such as CIDO must be that of disseminating information and assisting local entrepreneurs in accessing all possible sources.

There is now more federal money available than in the past and, with the exception of the Non-theatrical Fund, it has not been ear-marked by region. With the disappearance of private investment following tax reform, these new monies must be competed for and tapped. CIDO can help ensure that Manitoba's industry does so successfully.

6.6 The Manitoba Arts Council

The Manitoba Arts Council (MAC) provides production grants based on applications from filmmakers which are awarded on the recommendation of a jury. The filmmaker is not restricted in also applying to Film Manitoba or CIDO.

As noted in the sections on Film Manitoba and CIDO's Non-theatrical programs, MAC grants have been used in the financing of independent productions. It was particularly present in the first two years of Film Manitoba. In 1985/87 for example, MAC grants totalled approximately $63,000 in seven of the 10 productions which received Film Manitoba support; in the following year, MAC grants totalled $75,000 in five of Film Manitoba's eight

productions. In the two most recent years, MAC funding has not appeared in Film Manitoba projects, but has been included in one non-theatrical production financed through CIDO in 1987/88.

Total MAC funding, including two small development projects (one in 1987/87 and another French language project in 1987/88), during the period covered by this evaluation are:

Film Manitoba:	$144,117
CIDO:	12,000
TOTAL:	$156,117

It is clear that Manitoba Arts Council grants played a significant role in the types of projects which were ready to proceed into production in the initial years of Film Manitoba. However, as Film Manitoba/CIDO support is being directed more effectively towards market-driven projects which include Telefilm Canada participation, Manitoba Arts Council funding has been less significant.

Examining the kinds of productions in which MAC grants were used, only one project in 1985/86 and another in 1986/87 were feature length productions, both on 16mm film. Two others in 1986/87 were half-hour dramas which obtained CBC pre-sales. The balance were for the most part short films of varying lengths, all under 30 minutes and included an animated film.

Conclusion

There is no conflict or overlap in the mandates with respect to film and video production between the Manitoba Arts Council and Film Manitoba/CIDO. The creative talent of a Manitoba filmmaker awarded a grant by the MAC for a production should in no way be penalized by having one or the other potential source of support removed. Indeed that filmmaker should be encouraged. The MAC grant represents the filmmaker's own equity in the production, and while not necessarily "investment" to be recouped from revenues, does increase the filmmaker's own share in the profits which the production might eventually earn.

However, it is unlikely that MAC grants will feature prominently in the financing of future Manitoba productions under Film Manitoba/CIDO. The nature of these productions will continue to move towards commercial projects with pre-sales from television or theatrical distributors. Unless the project is a low-budget feature film such as "Crime Wave", or the Ontario success "I Heard the Mermaids Singing", Arts Council funding from either the MAC or the Canada Council will go towards filmmakers using film as an instrument of individual artistic expression, often in an experimental way, rather than commercially-oriented independent producers of entertainment programming.

7.0 MARKET POTENTIAL

7.1 Introduction

This section focuses on television as the primary market for Manitoba independent production. It does so for two reasons. First, television has been the primary market for indigenous productions in which Film Manitoba has participated. The absence of any hard data on theatrical or non-theatrical market experience does not permit a sound or extensive examination of their potential. This is not to say, however, that the future importance of these markets should be in any way neglected. As noted in the discussion of revenues in section 4.3, the Canadian theatrical market and foreign television/theatrical markets are playing an important role in financing Canadian production. These must be addressed in CIDO's further development support for the industry.

The second reason for focussing on television concerns the nature of television in accessing the widest audience in Manitoba, in Canada, and eventually abroad. Whether through broadcast or home video, the television set dominates and productions that do not reach their audience, both to entertain or enlighten and to return to taxpayers concrete proof of the wisdom of public financing, have a hard time justifying the expenditure of public dollars.

7.2 Television Markets for Manitoba Productions

Background

Television constitutes the primary market for Canadian independent production. It holds this position, at least partly, by virtue of public policy which provides for the operation of a major public broadcasting corporation, the CBC, the regulation of broadcasting through the CRTC, and the subsidization of program production at significant levels.

The importance of television as a market for independent production is explicit in both the ERDA sub-agreement and in the guidelines established for Film Manitoba and CIDO. As noted earlier, television has proven to be a significant market for Manitoba productions. Of the approximately $580,000 in market-generated financing used in Film Manitoba production, fully 100 percent has come from television: 81 percent from CBC, 15 percent from private broadcasters and 4 percent from pay television, all in the last two years. Overall, this market has generated 13 percent of production financing.

The heavy dependence on the CBC as a market for independent Manitoba productions is not surprising. Particularly in the early years of Telefilm Canada's Broadcast Fund, there was a comparable, almost overwhelming dependence on the CBC as the lead buyer of independent Canadian productions at the national level.

Profile of Television as Market

In the development of Film Manitoba projects, broadcasters have contributed $44,000 towards contracted projects. The most active broadcaster has been the CBC with $27,000, followed by pay television with $22,500. Conventional, private broadcasters have been relatively minimal contributors to development with only $5,000. However, it must be recognized that development is the highest risk stage in production and, while Film Manitoba does require demonstrated market interest for more advanced development, financing at this stage is usually sought initially from public agencies such as Telefilm Canada and its provincial counterparts.

In production, broadcasters' license fees as a share of financing has totalled approximately $548,000:

85/86	3 projects	$ 26,000	
86/87	3 projects	$ 72,000	
87/88	3 projects	$113,000	(5)
88/89	2 projects	$338,000	(6)

Fully 82 percent of these license fees have been obtained from the CBC, with the balance from private broadcasters.

The emphasis placed on broadcaster involvement can be seen in the following comparison by year of the percentage of projects financed by Film Manitoba which possessed up-front broadcaster participation (see Table 9).

As noted earlier, television series are now in the early stages of development under CIDO's Series program. Series are the main form of entertainment programming favoured by broadcasters. Lacking this format, independent Manitoban producers have demonstrated considerable ability in exploiting the remaining forms of television programming in accessing the market.

"One-offs", or single programs, are the most difficult to market unless they are made-for-TV features or mini-series. Half-hour dramas have a very limited potential in prime time, except as part of an anthology series such as the CBC's "The Way We Are" or its planned "Family Matters" series. With drama as the most popular prime time programming category, documentaries are particularly hard-pressed to gain access to the television market.

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5 Includes license fee not used in financing, but kept as revenues.

6 Seventy percent of this amount is due to license fee paid for "arts and music" program and, therefore, is not necessarily indicative of trend.

TABLE 9

PERCENTAGE OF FILM MANITOBA FUNDED PROJECTS
WITH UP-FRONT CANADIAN TV LICENSEES,
PRE-SALES OR DEVELOPMENT ADVANCES,
1985/86 to 1988/89

Year	Development %	Production %
85/86	50	30
86/87	10	38
87/88	36	100
88/89	60	100

CBC

Five locally-produced half-hour dramas within the Film Manitoba list have obtained CBC network buys prior to the current fiscal year, and two other productions, one half-hour and other 60 minute drama have obtained local CBC buys. In addition, one contracted half-hour dramatic production, and several more contracted or pending for development as of July, are planned for inclusion in CBC's network regional anthology series, "Family Matters".

Thus in terms of Manitoba cultural expression reaching local and national audiences, local productions supported by Film Manitoba have achieved significant success with CBC.

Manitoba's privately-owned broadcasters have been less active in acquiring productions from local producers supported by Film Manitoba and none of the productions licensed to private broadcasters have gone on to achieve network sales.

Two of the three privately-owned broadcasters have acquired one production and one (MTN) has acquired two from the total of 24 contracted by Film Manitoba to July of this year.

All three broadcasters are involved in projects now in development with independent producers. These are discussed below under Future Prospects. However, it must be noted here that private broadcasters continue to fulfill local programming obligations almost exclusively through in-house productions, or through programming commissioned from freelance producers.

It is premature to estimate the role pay television will play as a market for Manitoba independent production. Pay TV has been an active financial participant only in development and only since 1987/88, with one project in that year and two more contracted by July of this year. In keeping with pay

TV's programming preferences, these projects are primarily feature length productions which will most likely go through a theatrical release before being shown on pay television.

In analyzing the level and form of broadcasters' acquisition of the productions, it is clear that Manitoba television projects face very real difficulties in seeking pre-sales for use in financing production.

Excluding sales made after the production was completed, the level of financing provided by broadcasters, whether received in the form of license fees, cash, facilities/goods and services, or other financing obtained from the broadcaster, such as equity investment, represent as a percentage of the production costs substantially less than the national average. Using for comparison percentages represented by all Canadian broadcasters for independent production financed through Telefilm Canada's Broadcast Fund, for the programming categories represented by Manitoba production to date, the levels of broadcaster financing for the past three fiscal years are shown in Table 10.

Based on Film Manitoba data on two projects contracted by July of this year, current year levels may rise substantially. As a percentage of production costs, broadcaster financing for these two projects represented 31 percent. However, it should be noted that one project was an "arts and music" special which is a sub-category of programming traditionally receiving a high levels of license fees, and the other a drama for the "Family matters" series of regional productions which is the subject of a global agreement between CBC and regional producers carrying relatively high fees.

TABLE 10

LEVELS OF BROADCASTER PARTICIPATION IN PRODUCTION FINANCING, FILM MANITOBA AND BROADCAST FUND PROJECTS, 1985/86 to 1987/88

Year	Film Manitoba	Broadcast Fund
	%	%
1985/86	14	22
1986/87	11	29
1987/88	12	27

Source: Telefilm Canada Status of Applications: Broadcast Fund. Telefilm Canada Annual Reports.

As six of the 11 projects licensed to television are 30 minute dramas, a comparison of broadcaster financing as a percentage of budgets in this small group indicates that levels are rising. In 1985/86, the level was four percent, in 1986/87 it was 11 percent, in 1987/88 it rose to 16 percent, and to July 1988/89 it was 33 percent. If the sales made subsequently on 1985/86 projects are added, the level for that year increases dramatically to 28 percent. However, as that money was not available to the producers when financing the production, it has been excluded.

If Manitoba productions can maintain the level reached in the current year, then the television market can become more viable. However, it must be recognized that these higher levels have been achieved through network buys, which means that aside from small "second-window" sales, the Canadian market is exhausted as a source of revenues for the producer and investors. The format of stand-alone or anthology 30 minute dramas have little potential on the international market. While Manitoba producers may be better able to finance their productions, their prospects for commercial success are not improving significantly with the predominance of this format, and will not unless, as Canadian producers have long argued, broadcasters begin to pay license fees that cover a much higher percentage of production costs. This is a complex issue which was examined extensively in the Report of the Task Force on Broadcasting Policy in 1986, and in the 1988 federal Report of the House of Common's Standing Committee on Communications and Culture, A Broadcasting Policy for Canada.

A further indication of the difficulties faced by independent producers in raising production financing through pre-sales to broadcasters is that this financing does not come unincumbered. In only five of the 11 projects did the producer receive that financing in the form of cash. The remainder sold the broadcaster rights to the production in return for use of facilities, goods and services or investment provided by the broadcaster. Again excluding sales made after completion, broadcaster financing for the 11 projects totalling $548,000 were divided between 59 percent license fees and the balance in the form of facilities, goods and services and/or investment.

The predominance of this latter form of broadcaster financing for independent production is evident in examining projects licensed by private broadcasters: of the $106,000 paid for productions licensed entirely or primarily to non-CBC broadcasters, fully 68 percent of the financing was made in forms other than cash. In comparison, for productions licensed to CBC, 35 percent took the form of services, with the balance in cash.

CBC Regional Programming

Expenditures by CBC on licensing regional independent production within Telefilm Canada's Broadcast Fund have increased in the past three years from approximately $363,000 in 1985/86 to $1.776 million in 1987/88. However, the share of this claimed by Manitoba's independents has dropped from six percent in 1985/86, to three percent in 1987/88 (based on Telefilm Canada Annual Report and CBC license fees reported by Film Manitoba productions).

Since July, two more 30 minute dramas have been produced under the "Family Matters" series by Manitoba independent producers with Film Manitoba participation. CBC financing totalled $200,000, all cash except for $4,000 services. The licenses represented 30 percent of the combined production budgets, for an overall average in 1988/89 productions of 31 percent.

7.3 Future Prospects for the Television Market

The Parliamentary Committee on Communications and Culture observed in its Report on broadcasting policy that "the access problem is particularly acute for producers outside Toronto and Montreal". In present circumstances, that is unlikely to change for Manitoba producers.

All broadcasters, CBC Winnipeg, CKND, CKY-TV and MTN, have expressed genuine interest in the potential of local independent producers. As one put it: "Four years ago, Manitoba had no track record in television and little product. Now there are 15 to 20 self-described independent producers and something to show".

However, broadcasters' plans for acquisition of independent production provide no firm assurance this market will expand significantly in the short term. CBC's regional programming budget has diminished substantially in recent years, and while as the national public broadcaster, its regional mandate is unquestioned, the CBC's ability and intention to focus resources and energy on acquiring regionally-produced programming is uncertain. Plans to continue or find a replacement for the regional anthology series of half-hour dramas have not been announced. The "Family Matters" series which guaranteed significant network license fees in the $100,000 range, plus development financing, has provided not only a yet-to-be-tested format for prime time broadcasting of regional programs, it has created a much-needed point of entry for regional producers to access network television. Without such an entry point, albeit one in which Manitoba producers must compete with regional producers from across the country, regional independents with more limited industrial and financial infrastructure are at a permanent disadvantage. Assuming that such an entry point continues to exist, Manitoba producers have already proved their ability to compete very successfully.

As the national broadcaster for both English and French markets, CBC continues to be the key for regional producers in accessing the television market on a national as well as regional basis. The principal hope for the future is CBC's announced plan to move to 95 percent Canadian content in prime time on the English network and to do so using a substantially greater share of productions originating in the regions. If CBC does proceed in this direction, the result could be an important expansion of the TV market for Manitoba projects.

Future prospects for market access to television through local private broadcasters do not show signs of significant expansion. All three broadcasters have raised the thorny issue of the definition of independent

production as it is now interpreted under Telefilm Canada's Broadcast Fund. This Fund continues to represent the single largest source of production financing available to independent producers. Under the terms of the Memorandum of Understanding between Telefilm and the Minister of Communications, an "independent producer" is defined as one who is not also a broadcaster. The origin of this restriction lies in the private broadcasters' practise of producing Canadian programming in-house or through subsidiary production companies. The effect of this restriction has been, however, to render ineligible due to Telefilm's interpretation, any productions in which a broadcaster has a direct or indirect control.

Thus CKND's Canadian literature dramas such as the award-winning "Tramp at the Door" are not eligible to access Telefilm funds. Co-ventures between private broadcasters and local independent producers are favoured by the broadcasters for two reasons: the broadcasters view their own creative and technical involvement as essential to ensuring high quality programming; further, and perhaps more importantly, broadcasters seek an equity participation through the use by the production of their own facilities and, being commercial broadcasters, a return on that investment.

Both CKND and CKY-TV are facing license renewal hearings by the CRTC this year. In examining promises of performance (POP) submitted to the CRTC, it is clear that substantial increases in the number of hours of independent production planned to be acquired over the next five years are unlikely.

For CKND, amounts spent on "Music and Entertainment" programming, as reported in its license renewal application, have averaged approximately $1.0 million for Canadian programming over the period from 1984/85 to 1988/89. Though the total amount dedicated to this broad category of programming has increased in both 1987/88 and 1988/89, it has yet to return to the $1.166 million level set in 1986/87 and indeed, as a percentage of CKND's Canadian programming costs, it is declining from 35 percent in 1986/87, to 29 percent in 1988/89.

Projections for "Purchase of Programs", that is straight acquisitions, set out in CKND's application for renewal show $449,000 in 1989/90 for Canadian, in comparison to $4.0 million for non-Canadian. Though the projections for acquisition of Canadian programming show a gradual increase, the maximum annual expenditure in the fifth year is just over $500,000. This amount includes CKND's license fees for non-Manitoba Canadian productions as well as potential local independent production.

For CKY-TV, projections for the next five years contained in the license renewal application, indicate approximately the same amount to be spent annually on "Music and Entertainment" Canadian programming: an average of $1.1 million representing 22 percent of CKY-TV's total expenditures on Canadian programming. Of the total expenditures, CKY-TV gives a commitment to spend two percent on Canadian independent production, excluding network.

Projections for "Purchase of Programs" set out in CKY-TV, again for Canadian programming, rise from $123,000 in 1989/90 to $149,000 in the fifth year, exclusive of network program costs. In comparison, non-Canadian program

purchases are projected at $1.02 million, rising to $1.26 million in year five.

Within these financial projections, private broadcasters have plans for developing and acquiring local productions. CKND through Canwest Productions is developing four feature length projects, two in partnership with a Manitoba independent production company. The other two, plus a potential series, are in development with another Western production company.

CKY-TV is also planning to license a half-hour drama to be produced locally by an independent, as well as several other projects, including a documentary. Again as with CKND, CKY-TV prefers co-production arrangements which make use of in-house facilities and personnel.

MTN through its parent company CKX-TV in Brandon licensed or subsequently acquired two independent productions and has plans for more. In obtaining its license, MTN has given an undertaking to work with independent producers, based on a commitment totalling $1.75 million over five years, of which a minimum of $100,000 per year will be spent on drama.

As in the case of the other two privately owned broadcasters, MTN has is seeking co-production arrangements with independent producers. One of the series now in development under CIDO's Series Production program involves MTN.

Manitoba Television Market

All broadcasters, particularly the three privately owned commercial stations, point to the fragmentation of the local market with the licensing of the fourth station, as a major contributing factor which limits their capacity to acquire Manitoba programming. Market fragmentation, combined with programming cost increases, particularly for foreign programs, are reducing revenues.

The relationship between license fees and the success of independent Canadian production is well known. During interviews with private local broadcasters, the figure of $1,000 per hour was quoted as the value of prime time within the Manitoba market alone. Whether this is low-balling the value of prime time Manitoba audiences can be debated; but it is clear that high quality local productions cannot be made with that level of license fee.

There are two options for Manitoba independents faced with this situation. The first is to abandon television as the prime market for their product. The second is to seek co-productions with local broadcasters or with independent producers outside the province in a collaborative effort to broaden market bases, and, of course, to seek network, rather than local sales. In seeking network sales, as noted earlier, Manitoba producers have been able to achieve some success already, specifically in selling to the CBC.

The first option obviously flies in the face of reality. Television is, and will continue to be for the foreseeable future, the main medium to access

audiences in Canada and internationally. Television, through regulation and direct subsidy, is the chosen delivery system for Canadian independent production. As a cultural force in Canada, television cannot be replaced as the vehicle for bringing Manitoba's own distinct creativity to the attention of Manitobans and the country as a whole.

The second option is more desireable, while recognizing, in the case of co-productions, the trade-offs inherent in such a short term solution. As noted in the section dealing with CIDO's Special Projects and Series programs, co-ventures, especially those involving other Western producers are being more actively sought by Manitoba producers as a means of financing more ambitious projects. However, the trade-off will come in accepting that, in order for local producers to co-venture with out-of-province counterparts, Film Manitoba/CIDO financing may also go to projects not originating in Manitoba.

Other options do exist which are beyond the control of either CIDO or the local production community.

An obvious option which might be explored by both governments is the restrictions on Telefilm Canada's acceptance of productions involving local broadcasters. However, the Manitoba producers should be consulted closely if this option is considered, given the position often stated by regional independent producers groups that such involvement places control in the broadcasters hands, resulting in production that is not independent and that contributes too little to the development of the production industry.

A more accessible television market will ultimately depend on federal government broadcasting policy. Whether it is a new alternative broadcasting service mandated for regional and other under-served programming areas, a renewed CBC commitment to regional programming backed up with substantial resources, or more rigorous undertakings from private broadcasters required by the CRTC, the initiative to open up this market is crucial to the success of CIDO and the Manitoba independent production industry.

The producers and creative talent in Manitoba have proven their capacity to deliver. It is up to government to allow them better access to their domestic market. Without that market, it will be impossible for Manitoba producers, as for all Canadian producers, to have access to markets outside Canada.

8.0 POLICY ISSUES AND RECOMMENDATIONS

8.1 Introduction

As indicated at a number of points in the preceding analysis it is premature to reach conclusions about the impact which might be generated by the assistance to the film and video industry which was proposed under the 1984 Agreement. This is, of course, the case both because a great many of the programs of support under the Agreement were not made available to the

industry until 1987/88, and also because only a limited amount of the financial assistance that was to be provided to the industry has actually been delivered. In these circumstances the evidence required to test conclusively the premises behind the 1984 Agreement is not available.

A second factor that will have a potentially far-reaching effect on the development of Canadian film and video production in Manitoba is the two major federal government policy initiatives which were taken in 1988. When the Agreement was signed in 1984 one of the essential factor which was taken into account was the establishment of the Broadcast Fund through which, over the five year period from 1983/84 to 1987/88, the federal government committed itself to providing approximately $250 million to assist Canadian producers. The following decisions taken by the federal government in 1988 provide a radically altered policy environment within which to evaluate the potential for strengthening independent production in Manitoba:

1. The Broadcast Fund has been extended beyond its original five year term and specifically has been confirmed as an on-going federal government commitment.

2. In announcing a new broadcasting policy on June 23, 1988 the federal government committed a total of $250 million in new funding over the four year period 1988/89 to 1991/92, primarily to strengthen Canadian programming on television through increased funding of Telefilm and of CBC (now the major market for independent Canadian television producers). The new broadcasting policy included, in addition to the $250 million, a commitment to "help fund the start-up and operation of an Alternative Programming Service"; as well as new legislative and regulatory approaches intended to increase private broadcasters' expenditures on Canadian entertainment programming.

3. Through its new film policy initiatives announced in May, 1988 the federal government announced that it would also provide $200 million in new money over the five year period from 1988/89 to 1992/93 "to assist in financing the production and distribution of Canadian films, particularly those that merit special support:

   - distinctly Canadian feature films;
   - regional productions; and
   - French-language productions."

The new film policy included the announcement of a legislative initiative intended to strengthen Canadian film and video distributors and enhance the position of Canadian productions in the market.

All three initiatives clearly have important potential implications for Manitoba producers, although the way some of these initiatives will be implemented will only become clear over the next year. The result, however, should be a considerably enhanced environment for the development of independent production.

It is within this context, then, that decisions must be made about the future of the initiative taken jointly by Canada and Manitoba through the Agreement. The analysis and recommendations that follow reflect this complex current situation and are intended to provide a sound basis for proceeding.

8.2 Continuation of the 1984 Development Initiative

One of the fundamental tasks of this evaluation is to make a recommendation as to whether the programs established under the Agreement should be continued. This basic issue is distinct from the question of the precise arrangements under which such support might be provided.

We have seen earlier in this report that the development of production in regions other than Ontario and Quebec is still very much a relevant objective in the light of existing public policy. Both the federal broadcasting and film policies give specific attention to the development of regionally-based production as a goal which requires and merits renewed attention. In the case of both film production and broadcasting policy the federal government has indicated its intention to pursue that objective through the major new initiatives announced in 1988. The CBC has also indicated its intention to run on the English television network in prime time additional Canadian programming acquired form regional producers. The Manitoba Government has also indicated its commitment to pursuing cultural industries development and ensuring the expression of the diversity and creativity of the people of Manitoba.

To the extent that assistance has been provided to the industry in Manitoba, it is also clear that the result has been to substantially expand production activity, and to begin to successfully lever funds from other sources, particularly Telefilm Canada. The resulting productions have achieved increasing success in penetrating the market, particularly with network sales to CBC television. Based on the progress documented in this study it, therefore, appears reasonable to believe that the continuation of support will meet with success.

At the same time it is clear that Manitoba producers will, over the next few years, continue to require the assistance being provided through Film Manitoba and CIDO. Broadcasters, producers and program managers are virtually unanimous in the view that such assistance continues to be necessary. An examination of the composition of production budgets also indicates that programs such as those provided through CIDO/Film Manitoba are necessary to complete the financing of Manitoba productions, and to carry out development. Efforts have only begun to be made to provide in a systematic way for training and professional development, and continued assistance for this purpose is essential.

Recommendation #1

Given that the programs being provided under the Agreement remain relevant to government policy objectives, have achieved significant results up to the present time, and are still necessary, it is recommended that they be continued.

At this stage, however, there remains the question of whether to consider a renewal of the Agreement, presumably for a second five year term, or some other medium to long term co-operative approach involving Canada and Manitoba, or to consider only a shorter term extension. Two factors seem relevant to making this decision. The first is that, because a number of the Component 3 and 4 programs have only been in place since 1987/88 and a quite limited percentage of the anticipated assistance has been provided, it is premature to reach firm conclusions about the nature and extent of assistance which might be appropriate and desirable in the future. The second factor to be considered is the major initiatives in film and broadcasting policy which were announced in 1988 by the federal government. As these are implemented, they could result in substantial changes in the environment within which Manitoba producers function.

Recommendation #2

Given that only a minority of program funds have been committed; that the Components 3 and 4 programs have only been in effect since 1987/88; and that major changes have recently been announced in federal film and broadcasting policy which will affect production in Manitoba, it is recommended that the existing Agreement be extended to March 31, 1992, with an assessment being carried out in 1991 as a basis for a decision on how to proceed beyond that date.

By March 31, 1992 all components of assistance to the industry would have been in place for at least five years. This would provide a basis for assessing the original premises on which the Agreement was based, as well as permitting a consideration of the impact of the important new federal initiatives announced in 1988.

An extension of the Agreement, or at least of Components 3, 4 and 6 of the Agreement plus any necessary administrative elements to March 31, 1992, will require a commitment of some additional funding. While there remains a substantial amount of funding from the original Agreement which is still not spent, and a decision has already been made to permit such funds to be spent after the original deadline, additional funding will be required. In order to cover the costs of continuing to operate the CIDO/Film Manitoba programs, including both CIDO's administrative costs related to these programs plus the program support for the film/video industry the following amounts represent reasonable estimates:

1989/90 $2.3 million
1989/91 $2.5 million
1991/92 $2.8 million

In estimating these costs it must be remembered that there is no potential to predict accurately the levels of funding required -- particularly on an annual basis. Telefilm Canada and the CBC, for example, play an essential role in determining the volume of Manitoba production that will proceed. A number of initiatives proposed in the 1988 federal film and broadcasting policy, including the proposed alternative programming service, or changes in the way private broadcasting is regulated, could also have a significant effect.

Of the $7.6 million over three years suggested above, a significant percentage will be available from the original allocation. The remainder could be dealt with as part of the proposed extension of the Agreement.

Recommendation #3

Once an assessment has been made of the extent of funding that will remain available for the film/video industry from the original allocations in the Agreement, sufficient additional funding should be allocated to permit $7.6 million to be made available for film and video support programs under the Agreement between 1989/90 and 1991/92.

Additional funds would also be required to permit an extension of the sound recording programs. This issue is addressed separately in Part III of this report.

The amount proposed in Recommendation #3 would, of course, be divided between the federal and provincial government. This would presumably be done based on the same overall division of expenditures that applied to Components 3, 4 and 6 under the original Agreement.

8.3 Recommended Changes in the Film Manitoba/CIDO Program Structure and Financing Arrangements

The decision in the Fall of 1987 to proceed with an administrative merger of Film Manitoba and CIDO was an important and constructive one. Obviously it would have been inefficient to have had two sets of administrative staff involved in delivering the ERDA support programs. There would also have been the potential for considerable lack of co-ordination in the use of resources.

As indicated earlier in Figure A, however, the structure of the CIDO/Film Manitoba programs remains quite complex. There are many program components and sub-components and the criteria for each component are quite detailed. Within the industry, our interviews revealed substantial confusion about the distinction between Film Manitoba and CIDO and the many existing program components.

Concern has also been expressed by program managers about the budgeting difficulties which can arise as a result of the water-tight division which now exists between the Film Manitoba programs and the CIDO programs. For example, CIDO could find itself in a position in which there were productions ready to proceed which qualified under the CIDO program components but the only production funds it had available were in the Film Manitoba production categories; or vice versa. In fact, over the past year there was concern that a situation would arise in which projects could not proceed because the available funds were in the wrong category. Given the relatively limited amounts of money involved, this separation of components seems unnecessarily cumbersome and likely to cause practical problems.

In the analysis presented in Chapters 4 and 5 a number of examples were also cited of anomalies among existing programs, or unnecessary duplication and confusion. These concerns exist in relation to development, production and marketing support, as well as training and professional development.

In the circumstances, it would be desirable to integrate the financing available under Components 3, 4 and 6 of the Agreement to assist film and video production. This change ought also to apply to assistance to the sound recording industry. The intended result would be that the same split between the federal and provincial shares of assistance to the film, video and sound recording industries would apply to all three components. If this were done it would become possible for the Management Committee to ensure that the appropriate and necessary levels of support are available through each of the various programs.

Recommendation #4

Through the period of extension proposed for the Agreement, the levels of funding agreed to for Components 3, 4 and 6 should be combined based on an agreed division of federal and provincial financing which would apply equally to all components. The Management Committee should then be permitted to adjust the allocation among the three principal components and the related programs based on an assessment of needs and opportunities.

In making this proposal it is recognized that some adjustment will probably be required to achieve the desired balance in the relative levels of expenditure made by the federal and provincial governments on Components 3, 4 and 6 in the past. Such an adjustment would not appear in principle to present any difficulties.

If recommendation #4 were accepted it would then be possible to review the existing guidelines with a view to simplifying and integrating them. As a result there would no longer be one set of guidelines for Film Manitoba programs (Component 6), including development, production and marketing components, and a second set of guidelines for the CIDO programs (Components 3 and 4), covering development, production, marketing, training and equipment

purchase assistance. Instead, there would be a simplified single set of guidelines indicating what support could be applied for from CIDO in the categories of development, production, marketing, and so on.

Recommendation #5

Pursuant to the integration of the financing arrangements for Components 3, 4 and 6 of the Agreement a common, integrated set of guidelines should be developed for programs provided through CIDO, replacing the separate CIDO and Film Manitoba guidelines. The drafting of these guidelines should provide for greater flexibility than existed in the past, and should take account of the comments and proposals concerning existing programs contained in this report.

8.4 Summary of Proposed Changes to CIDO Administration and Individual Programs

In proposing a full integration and simplification of Components 3, 4 and 6 program guidelines, and revised funding arrangements, it is recognized that these changes may not be possible in the immediate future, and might not be accepted. While it is the consultants' judgment that these proposals represent a very desirable change which will substantially enhance the success of the ERDA initiative, our evaluation also indicated a series of adjustment which should be considered in relation to existing programs. The recommendations which follow could be used as either input into the process of preparing integrated CIDO program guidelines, or making changes within the existing program structure and financing arrangements.

In presenting the recommendations which follow we note that consideration was given to alternative approaches to stimulating film and video production in Manitoba, and in particular to whether a tax incentive at the provincial level might stimulate production. We also considered policy and program initiatives which might increase the financial resources available to production companies in the province in order to improve their capacity to initiate and manage production projects effectively.

A number of factors led us to the conclusion that we should not recommend at this time consideration of a provincial tax incentive to encourage investment in the industry. First, we note that recent federal government policy has included a reduction of the CCA incentive and a substantial increase in direct financial support. The federal government also has before it at present a proposal from the film industry nationally to establish a refundable investment tax credit (RITC) which would encourage private investment in the industry. It seems preferable to wait to see both the impact of increased direct federal financing, as well as other elements of the 1988 federal film and broadcasting policies and the federal response to the proposed RITC before reaching any decision about a possible Manitoba initiative.

More importantly, however, it is at least very premature to consider a tax incentive in Manitoba. While the market revenues available to Manitoba productions are increasing, they are by no means at a level which would attract private investment without an unreasonably rich incentive. At the national level it is usually only those projects which have a high percentage of their costs covered by guaranteed revenues which attract private investment. Of 131 Telefilm-assisted projects which went ahead in 1987/88, for example, only 20, or 15 percent, attracted private CCA investment, and this was before the reduction in the CCA incentive came into effect.

It is important, however, to adjust CIDO policies so that production companies can begin to develop which have a stronger financial base and a greater ability to manage an on-going schedule of production projects. For this reason, the proposals which follow reflect concerns such as the collection of producers' fees and the extent to which an individual producer or production company can gain access to funding to develop enough projects that on-going production activity can be sustained.

The recommendations which follow are a summary of the proposals contained in Chapters 4 and 5 above:

Recommendation #6

Information systems should be expanded to provide accessible and accurate detailed information on:

a) financial components of productions;
b) Company files with incorporation documents, financial statements, etc.;
c) Reports on the status of applications within the system or anticipated to be submitted;
d) Reporting requirements for productions in distribution, issuance of reminders, follow up on overdue reports on revenues, maintenance of default list, etc.;
e) Manitoba "point" system and use of Manitobans in all "point" positions.

The maintenance and on-going use of such detailed information would improve CIDO/Film Manitoba management and planning, provide the basis for a provincial database for government and industry use, and support efficiencies and business standards within the industry.

This expansion should be implemented with the least demands possible on individual applicants for additional copies or forms. (Refer to recommendation #8)

Recommendation #7

Contracts for development, production and distribution financing should be streamlined to separate the non-negotiable standard clauses as schedules to the contract for the specific project. This would reduce workload in the preparation of contracts and reinforce effective business practices.

Training and professional development assistance should be subject to "letters of agreement", rather than contracts, when the assistance is being awarded to individuals. Current contracts are onerous and bureaucratic for the amount of funding involved.

Seminars on the legal requirements of financiers and investors such as CIDO/Film Manitoba should be held, possibly in conjunction with other institutional investors such as Telefilm Canada, to familiarize producers with standard contractual obligations.

Recommendation #8

Application forms currently in use are cumbersome, multi-copy documents. Once current supplies are used up, new forms should be designed which facilitate provision of information. Multiple copies required by CIDO for internal use should be the responsibility of CIDO where possible. Information requested in the application forms is standard for the industry, and appears generally to be required.

Recommendation #9

French language services must be adequately provided by CIDO. This will require employing, at least on a part-time basis, project consultants as well as marketing consultants familiar with French language markets. Currently, French language scripts cannot be given equal analysis and support by CIDO, and producers are by necessity forced to make their applications in English.

Contracts have been translated into French, but have not been verified with appropriate legal experts at either Telefilm Canada or the SOGIC in Quebec. Application forms should also be available in French.

Recommendation #10

Staff position descriptions and workload obligations should be reviewed and the results employed in discussions with the CIDO Advisory Committee on measures required to address current weaknesses in management/administration. These weaknesses include:

a) external perception of size of staff exceeding efficiency of decision-making and program delivery;
b) inability to process French language applications;

c) absence of marketing/distribution expertise (refer to recommendation #14); and
d) inadequacy of script analysis/executive producer expertise within CIDO.

Discussions with the Advisory Committee should focus on options for addressing these weaknesses when professional expertise may not be available from within the Manitoba industry. It is not suggested that the Advisory Committee should itself be involved in the review.

Recommendation #11

Targets should be set for the purpose of limiting CIDO's administrative expenditures as a percentage of total costs to a maximum of 20 percent of total expenditures. The immediate objective should be to reduce such costs to 20 percent of CIDO's expenditures in 1989/90.

Recommendation #12

Financial ceilings set for both CIDO and Film Manitoba programs are too inflexible and often contradictory. Increases beyond the "normal" ceiling are tied to usage of target groups, creating added complexity. Ceilings should be increased within more realistic guidelines which provide for flexibility and accountability.

Development ceilings should allow substantial funding for development where packages of eligible projects are being undertaken by experienced producers with a track record of successful development. The current policy, which permits cross-collateralizing in the recovery of development financing should be reviewed in the context of policies in other provinces, with a view to supporting a greater portion of the risks now facing Manitoba producers.

Production ceilings within the various programs should be made consistent and non-prejudicial to local producers, and should place Manitoba producers on an equal footing to those in other provinces, particularly in Western Canada.

Annual targets should be set and made know to the industry establishing goals for expenditures on development and production. These should be reviewed during the course of the year with the Advisory Committee, and adjustments announced to deal with changes in the larger industry environment which might prevent these targets from being achieved.

Recommendation #13

Deferrals of fees and salaries by members of a production are an acceptable, if unfortunate, method of completing the financing of a project. CIDO's current practise of restricting deferrals in

calculating the base project financing on which its financial participation will be determined ignores the legitimacy of deferrals and the sacrifice being made by the producers and/or crew.

Deferrals should be recognized by CIDO. Treatment of deferrals either in calculating CIDO financial participation or in allowing privileged recoupment ahead of CIDO, would support the industry in financing projects in a difficult environment.

Recommendation #14

Marketing/Distribution

Overlaps and confusion both internal and external with respect to the marketing/distribution support available from CIDO and Film Manitoba should be eliminated. This recommendation relates to those below on Locations and Training.

The two programs should be combined and given clearer focus. Funds should be set aside to cover industry activities such as:

a) marketing efforts to obtain pre-sales being undertaken by Manitoba producers on projects in development;
b) promotion and distribution of finished products by Canadian but not necessarily Manitoba distributors and sales agents; and
c) audience development within Manitoba;

Wherever possible, marketing efforts aimed at pre-sales should be covered within development budgets, rather than as separate applications. Individuals attending Canadian festivals and markets should not be supported in an indiscriminate manner under Training but as part of a planned strategy developed in conjunction with industry associations.

Fundamental to this recommendation is the provision by CIDO of sound, experienced marketing advice, both internally and to the industry itself. Professional expertise in this critical area must be obtained in order that the program consolidation and implementation can be undertaken.

Recommendation #15

Special Projects/Series: CIDO Production Funding

These two programs are under-utilized and at present permit access to substantial funding for projects which do not involve Manitoba producers. At a minimum, the two should be combined, with ceilings that are consistent with those set for Film Manitoba, and should require a Manitoba co-producer. Co-ventures with producers in other western

provinces should be encouraged, preferably through negotiating reciprocal agreements with funding agencies in other western provinces.

A more global approach would involve the combining of CIDO and Film Manitoba production financing (a portion of which would be available for development) which would make provision for the recognition of co-productions between Manitoba producers and producers from other provinces who can also obtain provincial financing from their own province.

Recommendation #16

Non-theatrical Production Financing (CIDO)

Also under-utilized, this program should be reviewed in conjunction with the new financing now available from the Department of Supply and Services at the federal level, to ensure that Manitoba producers of non-theatrical products are supported.

Should all production financing available from CIDO be collapsed into one broad program as suggested above, a non-theatrical element should be included.

Recommendation #17

Locations Service

This CIDO service should be down-graded and maintained with a primarily "Canadian" focus. It is unlikely, given the established locations services in competing provinces and the preference of "off-shore" productions for locations with experienced crews, that Manitoba can at present carve out a significant locations activity.

While not neglecting the economic benefits which "off-shore" productions can bring to the local industry in terms of employment and spin-off service industries, the effort currently being placed by CIDO on locations is not justified by the results. Further, the general downswing in location shooting being experienced elsewhere in Canada does not bode well for the immediate future in developing Manitoba as a location.

It would be better to concentrate on developing and marketing local projects which will serve the longer term stability of the industry, and establish continuing indigenous demand for crews and facilities, than compete at this stage with the recognized success of British Columbia, Ontario, Quebec and Alberta.

Recommendation #18

Equipment Acquisition Funding

This program is currently focussed on non-profit organizations which are also supported by the arts councils. While not seeking to hamper the development of these organizations which play such a strong role in the Manitoba industry, the program should be expanded to assist producers of commercial product to acquire information systems, hardware and software such as production accounting systems to improve their business capabilities.

Recommendation #19

Training/Professional Development

Acknowledging that these CIDO programs have limited exposure, their number and complexity are evident and require streamlining. It is suggested in both Recommendations #7 and #14 that measures taken should also improve delivery of training and professional development support. These suggestions are repeated here for greater emphasis on focussing this CIDO support.

Training/Professional Development programs should be reviewed with the Advisory Committee with a view to simplifying the number of programs and eliminating overlaps with other assistance programs. This review should examine the feasibility of structuring support along the following lines:

a) Workshops, Seminars, Special Events
Based on an annual program to be designed in conjunction with the industry associations, CIDO funding could be made available to sponsor organizations covering both the costs of bringing in outside expertise for seminars and workshops, and subsidizing attendance by Manitoba industry members. This would simplify administration by CIDO and increase industry-based innovation and accountability.

b) Professional Development (i.e. assistance to individuals)

Assistance should be limited to individuals seeking genuine professional development in a defined program, either through attendance at a course or in an apprenticeship arrangement. Attendance at seminars being held in conjunction with festivals and markets should be dealt with separately, either through associations which select producers from their membership, or through development of packages or projects submitted by individuals producers.

c) On-the-job Training

This important area for developing Manitoba industry skills and experience should be brought into focus with better program delivery methods. Fewer trainees per production would facilitate improved and more controlled training. Orientation of trainees should be required before the production begins, involving the key experienced professionals assigned to train. More rigorous selection of trainees should be undertaken by CIDO and the industry associations representing the trainees, in conjunction with the producer. Better evaluation procedures should be established allowing for evaluation of both the training experience and the program itself by trainees and producers involved.

Recommendation #20

CIDO should play a more active role in helping the industry identify federal sources of assistance in related areas, and in getting access to these sources. Whether it is Telefilm Canada financing, or funding from other federal departments and agencies, Manitoba industry members cannot succeed in financing productions or in developing their skills without complementary support to that available from CIDO.

CIDO's advocacy role being suggested here should be carried out with regard for the increasing profile being taken by industry associations in the province, and wherever possible, CIDO should transfer its acquired information base to the associations. In time the associations themselves should be encouraged to take on responsibility for information dissemination, with CIDO maintaining its new proactive advocacy for projects in which it is participating financially.

Recommendation #21

Telefilm Canada is critical to the success of CIDO's objectives and to the success of Manitoba independent production. Manitoba producers are faced with being equidistant geographically from the Telefilm offices in Toronto and in Vancouver. At present, Telefilm's Vancouver office is responsible for projects from Manitoba; however, services being provided to Manitoba do not appear to be more efficient than in the past when they were provided from Toronto.

The demand for a Telefilm office in Manitoba has declined. Nonetheless, fast and more focussed service from Telefilm is required, involving better planning for Manitoba projects. Telefilm staff should be physically present in Manitoba on a regular basis, allowing producers to meet with them without incurring the cost of trips to either Toronto or Vancouver.

8 .5 Steering Committee

Under the Agreement there has been a Steering Committee which advised the Management Committee on matters related to Components 3, 4 and 6 of the Agreement. That Steering Committee was responsible for the development and presentation of proposed guidelines to the Management Committee, as well as reporting on progress to the Management Committee and proposing any necessary adjustments, reflecting input from the Advisory Committee.

One of the basic weaknesses of the Steering Committee process in the past was the lack of adequate input from the key federal agencies whose participation is essential to the success of the ERDA initiatives. With the CBC and Telefilm Canada the most important purchaser and the principal source of funding respectively for ERDA-supported projects, it is essential to be aware of the extent to which they have resources available for such projects and are likely to be involved. The NFB has also played an important role in Manitoba production and, with new funds available under the 1988 film policy, may be expected to play a greater role in the future. Since all three of these participants in production are federal government agencies, it appears reasonable to have them represented in the Steering Committee and could assist substantially in maintaining on an on-going basis a sense of what constitute realistic expectations for the ERDA programs. Their participation might be on an ex-officio, non-voting basis, primarily designed to ensure an effective flow of information between the Steering Committee and these key agencies.

Recommendation #22

Representatives of Telefilm Canada, the CBC and the NFB should be invited to participate in an appropriate capacity in the Steering Committee process, in order to assist in establishing reasonable budget levels and making appropriate changes to program guidelines.

In making these proposals for changes to the Steering Committee it is assumed that the committee would continue to be made up of representatives of both the regional Winnipeg office and the Ottawa headquarters of the DOC, as well as provincial government representatives.

8.6 Industry Consultations

The Advisory Committee for Film, Video and Sound Recording will continue to play an essential role in offering advice on industry development and program assistance. Certainly to the extent that changes are considered in the program guidelines in response to this report the intent would be that they be presented to the Advisory Committee for comment.

Earlier in the text (page 50) we also noted the desirability of ensuring that Manitoba's film and video industry is able to maintain an association which can effectively represent the views and interests of that evolving production community. Support to assist the industry association, MMPIA would appear likely to contribute to the success of efforts by the federal and Manitoba governments to strengthen the province's production capacity.

Recommendation #23

Consideration should be given to providing financial assistance toward the operations of the Manitoba Motion Picture Industries Association.

PART III

SOUND RECORDING

PART III

SOUND RECORDING

9.0 PROFILE OF SOUND RECORDING IN MANITOBA

9.1 The Artists

There can be little doubt that the strength of the Manitoba sound recording industry is found in the core of the music business -- the creative individuals who write, perform and record music. Manitoba is recognized in the Canadian music industry as a province with a very strong music tradition and one with a track record of producing successful recording artists and songwriters. This reputation was earned in the 1960's and 1970's when a number of prominent artists and acts emerged from the Province including The Guess Who, Neil Young and Bachman-Turner Overdrive.

In more recent years, Manitoba has produced many talented artists who create and perform a diverse range of music. Among them is Fred Penner who is one of Canada's most popular children's entertainers and Heather Bishop and Connie Kaldor who are also active in children's music. Other noteworthy artists or acts include Errol Ranville (country), The Cheer (pop), and the Double Eagle Band (country). In the area of Franco-Manitoban music, recordings by Daniel Lavoie have proven to be big sellers in France and Quebec. The range of performing talent extends from the Winnipeg Symphony Orchestra through to the Winnipeg Folk Festival and to the amateur level. The Winnipeg radio station CITI-FM, for example, received no fewer than 1,500 submissions for its recent compilation album.

Also contributing to the strength of the Manitoba sound recording industry is the enthusiasm and co-operative spirit which exists in the music community. Many people in the business are committed to building the music industry in the province as an alternative to relocating to Central Canada or the West Coast. The recently formed Manitoba Audio Recording Industry Association (MARIA) reflects those ambitions. The mandate of the Association is to promote growth in the Manitoba sound recording industry.

9.2 Overview of the Sound Recording Industry

A sound recording industry cannot exist, however, with only musical talent. Sound recording studios, audio engineers, producers, professional management companies, music publishers, disc and tape manufacturers, independent labels, record companies, record distributors, and ancillary services such as entertainment lawyers are all required to originate, finance, record, manufacture, market, distribute and promote sound recordings.

To date, Manitoba has not yet developed a fully integrated sound recording industry although many of the elements are in place to varying degrees. As discussed further in this report, the orientation of the industry has largely been focused on developing the careers of Manitoba artists and on audio production. While many talented recording artists are based in Manitoba, and the province has both several studio facilities judged to be sufficiently competitive by today's standards and a number of talented and capable audio engineers and producers, there is only a handful of independent labels in Manitoba, with most of these being owned or affiliated with either artists or recording studios. At this time, the development of independent record companies with rosters of commercially successful artists or acts whose records are marketed and distributed on a national basis has been extremely limited.

Record companies play a pivotal role in the Canadian music industry. They are to the music industry what book publishers are to the book industry. Record companies control which sound recordings are marketed, and they strongly influence the extent to which sound recordings are distributed. The reality of the industry is that the success or failure of a particular sound recording is greatly determined by which record company releases it and the commitment of the label to the project in terms of sales and promotional support.

Among the functions of record companies are producing and/or financing master recordings, arranging and financing the manufacturing of discs and tapes (almost always contracted out), overseeing jacket design and production, conducting marketing and sales campaigns, and arranging for effective distribution either by doing so "in house" or by contracting other companies with distribution capabilities. The record company or its distributor must then sell to several types of sub-distributors including one-stops for independent stores, wholesalers for chain record stores, and rack-jobbers for department stores. For more specialized types of music, such as serious and children's, record companies or their distributors will also use alternative channels of distribution such as selling directly to specialized retail outlets.

9.3 Size of the Recording Industry

Table 11 shows the size of Manitoba's sound recording industry in relation to the Canadian industry based on the most recent Statistics Canada data (1986/87). The 5 Manitoba labels reporting had combined revenue of $363,000 of which $162,000 or 45 percent was from the sale of discs and tapes. Most of the remaining income could be attributed to such activities as music publishing (primarily performing rights income), leasing of master recordings and distributing product for other labels. The size of the recording industry would be somewhat higher than the figures stated above if the activities of non-respondents are taken into consideration; a few part-time labels affiliated with artists or studios did not report to Statistics Canada. The

total revenue of the Manitoba sound recording industry is estimated to have been in the area of $500,000 in 1986/87. According to Statistics Canada, Manitoba recording companies had seven full-time staff, two part-time staff and released eight sound recordings in that year, most of which were country music.

TABLE 11

PROFILE OF THE MANITOBA AND CANADIAN SOUND RECORDING INDUSTRIES, SELECTED DATA, 1986-87

		Canada		
	Manitoba	Canadian Controlled	Foreign Controlled	Total
Number of Record Companies Reporting (#)	5	87	13	100
Sales of Records & Tapes ($000's)				
- With Cnd. content	149	12,589	24,165	36,754
- Without Cdn. content	13	16,450	224,668	241,118
- Sub-total	162	29,039	248,833	277,872
Other music industry related activities ($000's) (1)	142	14,046	90,881	104,927
Grants and non-music industry revenue ($000's)	58	2,087	4,122	6,209
Total Revenue ($000's)	363	45,172	343,836	389,008
Total Employment				
- Full-time (#)	7	385	1,836	2,221
- Part-time (#)	2	43	361	404
New Recordings with Canadian Content				
- Singles (#)	5	112	175	287
- Albums (#)	3	209	113	332

SOURCE: Statistics Canada, Culture Sub-division, "Culture Statistics: Sound Recording Preliminary Statistics, 1986-87", (Cat. 87-202) and a special data request (Manitoba data).

NOTES: (1) Other music industry related activity revenues includes sales and licensing of masters, music publishing, distribution for others, artist management, concerts and importing finished goods.

The size of the Manitoba sound recording industry has increased since that time, largely due to the establishment of a new independent label Oak Street Records. This label was established by Fred Penner, in conjunction with Gilles Paquin, to release Mr. Penner's sound recordings.

For purposes of comparison, the national data on the Canadian recording industry have been disaggregated to show the split between the Canadian and foreign owned sectors of the industry. Using the data on total revenue as an indicator of size, Manitoba's sound recording industry represented one percent of the total Canadian-owned sector, and one-tenth of one percent of the entire national industry. Even if the Manitoba data were adjusted upwards in consideration of non-respondents, it remains clear that Manitoba represents a fraction of the Canadian recording industry.

The limited development of recording companies in Manitoba is by no means unique to the province. Like a number of Canada's other cultural industries, such as the film industry or the book publishing industry, the sound recording industry has been based primarily in Central Canada. Virtually all record companies considered major players in the industry, whether they be the Canadian subsidiaries of foreign record companies or the major Canadian-owned independent labels, are situated in Toronto and to a lesser extent Montreal. However, there are beginning to be significant exceptions, such as the Stony Plain Recording Co. Ltd. (Ian Tyson, Sylvia Tyson and Prairie Oyster) in Edmonton. The Statistics Canada survey mentioned above determined that Ontario and Quebec accounted for 98.5 percent of the total reported industry revenues of $389 million in 1986/87, with the remaining eight provinces accounting for 1.5 percent or $6 million of the total. These data pertain only to the activity of recording companies, thus they exclude other elements of the industry such as recording studios and artist management companies.

9.4 Description of Recording Companies

In the Canadian music industry there are essentially three levels of record companies, as identified by the Canadian Independent Record Production Association.[7] For purposes of examining Manitoba recording companies within a national context it is useful to use these categories as a basis for discussion.

9.4.1 The Major Record Companies

The first category includes the seven foreign-owned multi-national record companies, referred to as the "majors", which control an estimated 85 percent of the Canadian market, i.e., CBS Records, WEA Music, Capitol-EMI, MCA

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[7] The Canadian Independent Record Production Association, "Investor's Guide: An Overview to the Sound Recording Industry", 1988.

Records, Polygram Records, A&M Records (no affiliation with A&A record stores), and BMG Music Canada (formerly Ariola/RCA). The majors function as full-line record companies in that they are involved in the production, marketing, and distribution of discs and tapes. Most of the product they release is made from imported master recordings and manufactured in Canada. To a lesser extent they are also involved in producing and releasing the works of Canadian artists through their in-house artist and repertoire departments. In general terms, these companies will only sign Canadian artists with a proven commercial track record -- experience typically gained from the artists involvement with a Canadian independent label.

In Manitoba, the activities of the majors is largely limited to the maintenance of regional sales offices. The Manitoba representatives of these record companies are generally enthusiastic towards developing the sound recording industry in Manitoba, as evident by their participation on CIDO juries to evaluate sound recording applications.

9.4.2 Canadian Independent Record Companies

The second category consists of about 30 independent Canadian record companies which are large enough to produce and market sound recordings on a national basis, and in some instances on an international basis. With but a few exceptions, these companies are almost entirely Canadian-owned and most started their operations in the 1970's. These labels typically have several artists or acts in their rosters and they generally concentrate on one or at most a few types of music.

The majority of these independents rely on the majors for their distribution. For example, Attic Records Ltd. has a distribution arrangement with A&M Records as does True North Records with CBS Records, and Stony Plain Recording Co. Ltd. with BMG. In these distribution arrangements the majors limit their activity to order taking and distribution of the physical product only. Sales promotion and marketing is completely the responsibility of the independent label.

The only Manitoba record company which can be included in this category is Oak Street Records. As noted above, this label releases the works of Fred Penner who is perhaps Manitoba's most successful recording artist at this time. More recently the repertoire of the label has expanded to include Manitoba children's artists Connie Kaldor and Bob King. Oak Street Records has a North American distribution arrangement with A&M Records.

9.4.3 Small Independent Labels

The third category consists of about 500 small Canadian-owned independent labels, most of which operate on a part-time basis. This category includes both recording companies which function independently of any other commercial interests in the music industry, and labels established by artists, recording

studios, artist management companies and independent record producers to release sound recordings they are involved with. Some of these recording companies function primarily as production companies in that they do not actually release recordings in the retail market but rather license or sell finished master recordings to record companies.

Most of Manitoba's approximately a dozen independent labels are included in this category. Among them are labels affiliated with sound recording studios including Rayne Music Corporation, Sunshine Records Ltd and Downs Record Co. Ltd. Artist labels and labels established by producers or managers for particular projects make up most of the remainder, including Mother of Pearl Records (Heather Bishop), Shaman Records (Amukudari), Rotifer Records (The Cheer), and Fat Uncle Records (Finjan).

Independent labels play an extremely important role in the Manitoba and the Canadian sound recording industries. To some artists or their representatives, independent labels serve as an opportunity to control the marketing and distribution of their own product. Further, as the activity of these labels expands and professional managers are hired the potential exists for these labels to build rosters of artists and to ultimately become major independent labels. For most artists, however, small independent labels are a necessity. Owing to the fact that the majors and the key Canadian independents sign a very limited number of artists, small independent labels are often the only means of getting the recordings of artists into both the retail and radio markets. Further, the reality in Canada is that recordings are often released only in the radio market for purposes of gaining exposure and to generate performing rights income which can be substantial if a recording becomes a "turntable hit". Moreover, the exposure gained from an independent release can lead to a recording contract with, or a new release by, a large independent or major record company. In fact, some in the industry suggest that record companies are increasingly turning to the independent sector for recordings as a means of reducing the financial risks associated with investing in the production of master recordings.

Obtaining effective distribution is typically difficult for most independents to achieve. According to CIRPA, the sub-distributors and major record chains, which account for 90 percent of the Canadian market, carry a limited number of titles and most will only buy from the major national distributors and to a very limited extent from independent distributors which represent small labels.

9.5 Sound Recording Studios

The majority of the background information on the Manitoba sound recording industry pertains to sound recording studios, and the creative and technical personnel working in these facilities. A few of the background studies view recording studios as constituting the sound recording industry, as if record companies and labels did not exist and played no necessary part in the industry (e.g., the Human Resource Preparatory Study completed by The Working Margins Consulting Group). If such an approach were adopted in the examination

of the film production industry, for example, one would analyze only the activities of film/video studios/sound stage complexes as opposed to examining the activities of film/video producers who lease the facilities. While recording studios are an important integral component of the infrastructure of the Manitoba sound recording industry, they are not the industry itself.

Our interviews with personnel from sound recording studios and other industry representatives indicated that existing sound recording facilities are adequate for the needs of the industry at this time. The general feeling conveyed to the study team was that three or four facilities offer equipment suitable to the production of competitive sound recordings, and should specialized equipment be required for specific projects, such equipment can be leased from out-of-province sources. It was also felt that the upgrading of studio facilities should be the responsibility of the studios and that improvements in the technical capacity of the industry will likely occur in response to the level of sound recording activity in the province.

10.0 IMPACT OF THE ERDA SOUND RECORDING PROGRAMS

10.1 Introduction

Under Components 3 and 4 of Sector B of the ERDA Subsidiary Agreement, the Management Committee contracted the Cultural Industries Development Office (CIDO) to provide programs of support to both Manitoba's film/video and sound recording industries. CIDO has put in place nine programs of support for the sound recording industry of which five (production and marketing) are specific to sound recording with the remaining four (training and equipment) being available to both the film/video and audio industries. The total program authorization budget for the five sound recording programs is $1.110 million over the life of the ERDA agreement. Three of the programs provide funding for production activities, including the Recording Production Fund, the Music Video Fund and the Demo Recording Fund; and, the two which provide marketing assistance are the Sound Recording Product Marketing Support Program and the Recording Artists Touring Support Program.

For the Manitoba audio industry, CIDO's programs which became operational in September 1987 represented its first access to ERDA funding. This situation contrasts with that of the publishing and film/video industries which have had funding made available to them since 1984/85 and 1985/86 respectively under Component 6 of the Agreement. For this reason alone it is not possible to carry out a comprehensive evaluation of the impact of the ERDA sound recording programs at this time. The programs have been in place for only a year and this makes it extremely difficult to assess either the performance of sound recording projects funded by CIDO or their impact on the industry as a whole.

Although the demand for CIDO's sound recording production programs has far exceeded expectations, by the end of July 1988 only four projects funded by the Recording Production Fund had been completed and these represented CIDO contributions of only $30,337 or six percent of the authorized budget of the program. Further, none of these sound recordings had been commercially released, as they have planned release dates of late 1988 or early 1989.

Similarly, by the end of July only 14 demo projects had been completed along with five marketing support projects, two music videos and one touring support project. The total CIDO contributions to these projects totalled $47,670. Clearly, the impact of the ERDA sound recording programs cannot be measured using such indicators as record sales, employment, profitability, radio airplay or awards received, beyond simply informed speculation. What can be accomplished in this evaluation, however, is to provide an overview of the programs, a review of their impact so far on production and marketing activity based on CIDO records and other information, and comments on the strategy being pursued to strengthen the industry.

A second factor that must be recognized in this evaluation is the extent to which federal policy towards the sound recording industry has changed since the 1984 Agreement was signed. Following Communication Canada's 1985 discussion paper on the industry and subsequent consultations, the Department put in place the Sound Recording Development Program (SRDP) in 1986. Through this program, the Federal Government will channel $25 million in direct financial support to the sound recording industry over five years in areas such as production support, promotion, touring and marketing support, and business development. The Foundation to Assist Canadian Talent on Records (FACTOR), a funding organization established as a joint venture between the radio and recording industries, administers most of the 60 percent of the SRDP funding allocated to the English-language sound recording industry. A similar organization in Quebec -- MusicAction -- administers the remainder for the French-language component of the industry.

This policy development is significant in that Communications Canada has enhanced the level of funding available in Canada to produce and market sound recordings. In saying this, however, it should be emphasized that the demand for FACTOR funding is extremely high and unprecedented among the existing programs of support to the cultural industries. In 1987/88, for example, FACTOR funded only 12 percent of the applications it received for production loans. The demand for funding appears even more acute this year; FACTOR announced on July 27, 1988 that the funds available for individual project loans were committed for the fiscal year ending March 31, 1989. FACTOR has since approached Communications Canada for additional funding as a means of meeting the tremendous demand. What the FACTOR experience suggests is that while Manitoba producers of sound recordings now have access to complementary federal funding, the ERDA sound recording programs should neither be viewed as an unnecessary duplication of the SRDP nor as a likely means of leveraging substantial SRDP funding into Manitoba under the present circumstances.

A third consideration in this evaluation is the implications of the current wide scope of the eligibility criteria for the ERDA sound recording programs. The programs are open to Manitoba recording artists (including their own

labels) and other types of applicants representing Manitoba artists including artist managers, independent labels, record producers and record companies. National sound recording programs such as FACTOR also provide funding to a wide range of applicants. The broad focus of the ERDA sound recording programs reflects the structure and business practices of the industry, in that sound recording projects are initiated by many elements of the sound recording industry. In fact, evidence suggests that record companies are increasingly reluctant to invest in the production of sound recordings, particularly those by artists lacking a strong commercial track record, choosing instead to buy or lease finished masters from artists, managers and independent labels. This issue of program eligibility is raised here because it complicates an evaluation of the sound recording programs. Examining only Manitoba record companies will not measure the overall performance of the province's sound recording industry. Because of this it is necessary to examine the ERDA sound recording programs within a wider framework.

Recorded music is increasingly being recognized through public policy initiatives as important culturally, as are books, magazines, newspapers, films and television programs. The CRTC's Canadian content requirements for the musical selections played by private radio broadcasters is such an initiative. These regulations, introduced in 1970 for AM radio and 1975 for FM radio, were designed to ensure private radio contributed to the "predominately Canadian" objectives of the 1968 Broadcasting Act and to allow Canadian artists better access to the nation's airwaves.

These regulations reflected many of the Commission's concerns as to the level of Canadian programming on private radio. Moreover, since the introduction of the Canadian content regulations for radio the Commission has increasingly recognized the important relationship between the radio industry and the sound recording industry, in that radio needs quality Canadian recordings to meet its content requirements and record companies need airplay to promote the sale of their sound recordings. This CRTC concern is also apparent in the emphasis the Commission now places during licence renewals on the contributions of private radio to record funding agencies such as FACTOR, and on initiatives of individual radio stations to assist in the development and exposure of local talent.

In the area of direct fiscal support, until recently most public support of Canadian sound recordings was largely limited to the serious and contemporary genres of music through the Canada Council and the CBC. However, the situation has changed with the federal government's introduction of the SRDP in 1986. This initiative served as a signal that popular types of music such as country, middle-of-the road, pop and rock music, which account for the vast majority of recordings sold in Canada, are important in cultural terms and are worthy of public support. The Department of Communications stated in its 1985 Discussion Paper that:

> Of course, the important role of making available Canadian recorded music to Canadians is culturally important as well. Listening to recorded music -- whether it be from personally owned discs or via radio transmission -- is the second most popular cultural leisure pursuit in

> Canada. Recorded music is one of the most accessible media through which Canada's artists directly contribute to the country's evolving identity. And recorded music is the most popular cultural medium for Canada's youth; sixty percent of purchasers of recordings and tapes in Canada are under the age of 25, while teenagers as a group listen to music programming on radio about one-fifth of their waking hours. [8]

Given the rather limited involvement of governments at that time in providing direct financial support to the production of sound recordings, the inclusion of the sound recording industry in the 1984 Canada-Manitoba Subsidiary Agreement on Communications and Cultural Enterprises represents what could be viewed as a bold initiative, consistent with emerging public policy objectives.

10.2 Overview of Assistance Provided

Figure B provides an overview of ERDA's sound recording programs. Management Committee authorized an allocation of $1,110,000 to the five production and marketing programs specific to sound recording. The principal component, the Recording Production Fund is budgeted at $500,000 and provides support to commercially viable sound recording projects (primarily albums) in the form of loans repayable out of earnings from the sales of recordings. All of the other sound recording programs provide financial support in the form of contributions; these include the Music Video Fund and the Demo Recording Fund, budgeted at $200,000 and $150,000 respectively. CIDO also administers two programs to assist in the marketing of Manitoba sound recordings with a combined program authorization of $260,000. Management Committee also authorized $780,000 for the training and equipment support programs, which are open to applicants from the sound recording industry.

The focus of the sound recording programs on production support reflects the recommendations of the Advisory Committee on Film, Video and Audio, which concluded "that the need for production financing is the chief means, and perhaps at least in this sector of the industry, the prerequisite to development". [9] It was felt at the time that a production- orientated approach would indirectly contribute to the achievement of other objectives, particularly those in the areas of skill and infrastructure development.

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[8] Department of Communications, "Discussion Paper: Initiatives for the Radio and Sound Recording Industries", July 1985, page 6.

[9] Advisory Committee on Film, Video and Audio, Report to the Minister of Communications and the Minister for Culture, Heritage and Recreation, January 24, 1986, page 65.

FIGURE B

OVERVIEW OF ERDA SOUND RECORDING PROGRAMS

	Program Authorization	Financial Participation	Maximum Contribution $	Maximum Contribution %
Programs Specific to Sound Recording				
Production				
Recording Production Fund	$500,000	Loan	$20,000	50%
Music Video Fund	$200,000	Contribution	$15,000 (1)	50%
Demo Recording Fund	$150,000(2)	Contribution	2,500	100%
	$850,000			
Marketing				
Sound Recording Product Marketing Support Program	$130,000	Contribution	$7,500	50%
Recording Artists Touring Support Program	$130,000	Contribution	$10,000	50%
	$260,000			
Total Production & Marketing	$1,110,000			
Other Programs for both Film/Video and Sound Recording				
Training				
Workshops	$200,000	Contribution	•workshop co-ordination $12,000 •workshop participation $90/day	80% -
On-the-Job	$250,000	Wage Subsidy	•various	50%
Professional Dev.	$130,000	Contribution	•various	50%
	$580,000			
Equipment Support	$200,000	Contribution	$20,000	50%

NOTES: (1) $20,000 if applicant demonstrates significant benefit to target groups.

(2) Original authorization increased from $100,000 to $150,000 due to transfer from other components 3 and 4.

10.3 Recording Production Fund

The principal objective of this program is "to encourage culturally relevant and commercially viable production activity in the Manitoba sound recording industry by supporting costs associated with total recording budgets". This program is also intended to assist in the development of the industry's infrastructure, foster skills development and to help develop standard industry practices. The program is open to recording artists, and a broad range of other applicants representing Manitoba recording artists, including artist managers, producers, independent labels and record companies.

Table 12 is an overview of the production support provided through the Sound Recording Development Program up to October 31, 1988. The data cover both contracted and approved projects, with the latter representing projects approved for funding by a jury but not yet contracted. Because the first jury was held in September, 1987 the data cover approximately the first year of the fund's operation. During the period, CIDO made total commitments of $195,299 and approved additional funding of $112,800, amounting to total CIDO contributions of $308,099. Of this amount $121,627 had actually flowed to program recipients as of October 31, 1988, and 11 projects were completed, with the earliest release being planned for December, 1988.

TABLE 12

ERDA SUPPORT PROVIDED
UNDER THE SOUND RECORDING DEVELOPMENT PROGRAM
1987/88 and 1988/89 (to October 31)

	Number of Projects	CIDO Contribution	Budgets
1987/88			
- Contracted	8	$81,274	$283,539
1988/89			
-Contracted	10	114,025	272,024
-Approved	10	112,800	272,294
-Sub-total	20	226,825	544,318
Total to Date	28	308,099	827,857

SOURCE: CIDO

Based on the first year of the fund's operation, a number of observations can be made on the Program:

i) High Demand

Demand for support through the Program has been extremely high. Although only 16 percent of the authorized budget of $500,000 had been contracted during fiscal 1987/88, by October 31, 1988 contracted and approved projects accounted for 62 percent of the Program's budget. Should the demand placed on this program continue at the current rate, the fund could be exhausted as early as June or July 1989.

ii) Increased Levels of Production

The Sound Recording Development Program is generating a significant level of sound recording production activity in Manitoba. Should all approved projects proceed as planned, CIDO's loans of $308,099 will have helped trigger additional budget contributions of $519,758 resulting in total production activity of $827,857. These figures, however, do not relate exclusively to production carried out in Manitoba. One project was recorded in Toronto and accounts for a considerable proportion of the total budget figure. The budget of the Hypno Go Go recording went from $100,000 to $153,508. This project seems to be an exception, with all of the other completed projects recorded in Manitoba.

If the Hypno Go Go project is excluded from the data, and one assumes that the percentage of sound recording budgets accounted for by ERDA funding remains constant for future projects (43 percent), and that these recordings will use Manitoba recording studios, it is estimated that the $500,000 allocated to this project will generate sound recording activity in Manitoba of $1,120,000.

The ERDA financed sound recording projects are having a very positive impact on the Manitoba sound recording studios. Most of the studios contacted reported that their business had increased, with much of the increases being attributed to ERDA sound recording projects.

iii) Financing of Projects

From a review of the financing of ERDA-funded sound recording projects, it is evident that Manitoba producers have had limited success in attracting FACTOR and MusicAction funding. Table 13 provides detail on the financing of 18 sound recording projects. On an aggregate basis, the 34.5 percent of recording budgets attributed to ERDA is almost twice the corresponding figure for FACTOR/MusicAction of 18.1 percent. In fact, only three of the 18

projects received FACTOR or MusicAction funding. Hypno Go Go and The Cheer were awarded $60,000 and $8,000 respectively from FACTOR, and Hart-Rouge was awarded $35,000 from MusicAction. The relationship of the ERDA sound recording programs with the national programs is discussed in Chapter 11 of this report.

TABLE 13

SOURCES OF FINANCING OF 18 ERDA SOUND RECORDING PROJECTS
1987/88 and 1988/89

ERDA	FACTOR/ MusicAction	Private Investment	Donated Investment	Budget
$196,162	$103,000	$179,699	$89,729	$568,491
34.5%	18.1%	31.6%	15.8%	100%

SOURCE: CIDO

Recipients of ERDA sound recording production funding have also met with limited success so far in efforts to attract private investment. Although the CIDO data do not differentiate between working capital of Manitoba producers and outside investment raised (in that all sources of private funding are included in the "Personal Equity" category), discussions with CIDO indicate that the applicants themselves account for the bulk of the private investment. Some of the applicants have obtained complementary funding from native economic development funds and private investors.

The ERDA sound recording budgets also include "donated investment" which amounted to 15.8 percent of the total. This investment is essentially free time provided by musicians, which may or may not be recouped out of future proceeds. If donated investment is excluded from the production budgets ERDA and the national support programs account for an even greater proportion of the budgets: ERDA (41.0%); FACTOR/MusicAction (21.5%); and Private Investment (37.5%).

Donated investment is treated by CIDO as an eligible production cost which in practice has pushed CIDO's contribution beyond the 50 percent ceiling of the actual cash investment in some projects. We note that this policy is not consistent with the current treatment of deferred fees by CIDO and Film Manitoba, which is discussed in Part II of this report. Deferred fees are excluded from film and video production budgets for purposes of determining the maximum ERDA investment.

iv) Diverse Range of Sound Recordings Funded

To date, CIDO has funded a broad range of different types of music. Figure C is an overview of all sound recording projects contracted at the time of writing. Of the 19 sound recordings, 5 are in the category of country music, 6 are pop/rock and 2 are children's. The remainder include other types of music such as folk music (Finjan which is a klezmer group), classical music (Eric Lussier who is a harpsichordist) and jazz (Knut Haugson).

FIGURE C

DESCRIPTION OF CONTRACTED ERDA SOUND RECORDINGS

Artist/Act	Type of Music	Target Groups
Errol Ranville "C-Weed	Country	Native
Bob King	Children's	
Darryl Haven	Instrumental	
Eric Lussier	Classical/Serious	
Finjan	Klezmer Group/ folk music	
Curtis Jonnie "Shingoose"	Country/Rock	Native
Hypno Go Go	Pop/Rock	
Suzanne Bird	Country	Native/woman
Darrel Phillips	Country	Native
Knut Haugson	Jazz	
Kris Purdy	Pop/Rock	Woman
Hart-Rouge	Rock	Francophone/3 of 4 women
Greg Leskin	Rock	
Monuments Galore	Rock	
Edmond Parody	Rock	
Connie Kaldor & Carmen Campagne	Children's	Anglophone & Franco-phone/ both women
Double Eagle Band	Country	
Juste Pour Dire Project	Pop/instrumental	19 Franco-Manitobans /women & men

SOURCE: CIDO

From the list of sound recording projects funded it is also clear that CIDO has directed support to projects initiated by target groups identified in the Agreement. Manitoba has many talented native performer/songwriters and CIDO has not overlooked these individuals; almost a quarter of the sound recording projects (four of 18) involved native performers, including Errol Ranville, Shingoose and Suzanne Bird. Further, five of the projects involved women artists and three involved francophone performers, including a compilation album featuring the works of 19 Franco-Manitobans. The diversity of these sound recording projects suggests that in cultural terms, CIDO has certainly contributed to the expression of the very diverse mosaic of the people of Manitoba.

v) Marketing and Distribution

While it is not possible to measure the market performance of ERDA sound recordings at this time, a few observations can be made based on the experience of the limited number of sound recordings completed. None of the sound recording projects initially involved a record company which had, or had access to, national distribution. Rather, recording projects were initiated by artists themselves, producers, artist managers and production companies. The general approach used by recipients of ERDA loans is to focus first on producing the master recording, then to seek out an arrangement with a record company to release the recording, or alternatively to release the recording under an in-house label. If this latter approach is elected, the producer would then seek out a distribution arrangement with a record company or a record distributor.

To date, a number of the producers of ERDA sound recording loans have arranged for the marketing and distribution of their recordings. Hart-Rouge signed with the Montreal-based Traffic Records, which has a distribution arrangement with CBS Records. Traffic Records achieved phenomenal success with the Franco-Manitoban artist Daniel Lavoie in Quebec and in France. Hypno Go Go signed with the Toronto-based production company Chart-toppers. This company raised substantial private investment for the project and is now negotiating with several major record companies for the release of the recording. Monuments Galore will be signing directly with CBS Records in Toronto, suggesting that the commercial potential of Monuments Galore has a strong probability of being realized. Similarly, Eric Lussier signed with C and L Audio of Toronto, one of the few labels in Canada which releases classical music performed by Canadians.

The klezmer group Finjan established its own record label, Fat Uncle Records, to release its ERDA-funded recording "From Ship to Shore". Recordings will be distributed in Manitoba by the group's management, and in the rest of Canada by the Vancouver-based Festival Records. In the area of children's music, a very promising development is the signing of both the Kaldor/Campagne and Bob King projects to Oak Street Records, which as mentioned previously, has a North American distribution arrangement with A&M Records. Producers of the other completed ERDA-funded sound recordings are in the process of attracting interest by labels in their recordings, or will be carrying out marketing and distribution themselves.

It is extremely difficult to speculate on the probable success of the ERDA-funded sound recordings in the marketplace. One should not expect, however, that all sound recordings will succeed in the marketplace. The nature of the Canadian music industry is that record companies typically fail to break-even on more than half of recordings released and only a very small proportion are judged to be commercial successes. To put the volatility of the business into perspective it is useful to consider the following. CIRPA reports that the Canadian sound recording industry releases 400 to 500 Canadian content albums per year. Few of these sell in great numbers. In 1987 the Canadian Recording Industry Association certified only 14 Canadian-content albums as platinum or better (sales of 100,000 units or more).

10.4 Demo Recording Fund

This program was introduced to provide financial assistance to Manitoba artists for the production of demonstration, or "demo", recordings. These are essentially inexpensive recordings of no more than three or four songs which are used by artists to attract the interest of record companies, record producers and music publishers. Demos are not intended to be finished master recordings, although they should be professionally produced. Through the program, CIDO provides a maximum contribution of $2,500 towards the production of demos by Manitoba artists who have never previously recorded, subject to the approval of a jury. Applicants are eligible for funding on a one-time-only basis and are not required to contribute financially to the project.

Table 14 shows the ERDA contributions to demo projects, including both contracted and approved applications. Up to October 31, 1988, 55 demo projects had been contracted or had been approved for funding, representing total ERDA contributions of $109,737 and production budgets of $203,850. Of the total ERDA funding, $71,584 had actually flowed to program participants by that date.

Based on the operation of the demo program for a year several observations can be made on the impact of the program. In addition, CIDO recently carried out a survey of demo fund recipients to monitor the impact of the demo program (November 15, 1988). It is useful to review the principal findings of this survey.

i) High Demand for Demo Funding

This program has been subject to tremendous demand by Manitoba artists. After only six months of operation 42 percent of the funding of $100,000 authorized originally for this program had been contracted. Management Committee subsequently approved the expansion of the budget to $150,000 in accordance with a recommendation by CIDO. If the demand for demo funding continues at the current level it is anticipated that the remaining demo funds could be exhausted as early as April, 1989.

Much of this demand can be attributed to the very limited sources of funding available to artists to produce demo recordings. For example, during 1987/88 FACTOR received 523 applications for New Talent Awards (demo funding) and could only fund 75 of these (14%).

TABLE 14

SUPPORT PROVIDED THROUGH THE DEMO RECORDING FUND,
1987/88 and 1988/89 (to October 31)

	Number of Projects	CIDO Contribution	Budgets
1987/88			
- Contracted	20	$41,741	$ 74,873
1988/89			
-Contracted	19	37,772	76,638
-Approved	16	30,224	52,339
-Sub-total	35	67,996	128,977
Total to Date	55	109,737	203,850

SOURCE: CIDO

ii) Impact on Production

As noted above, the contracted and approved demos funded by ERDA have actual and planned production budgets of $203,850. Should the proportion of ERDA to total production budgets remain constant for the remainder of the program's operation, the authorized ERDA contribution of $150,000 should generate total estimated production activity of $279,000.

Although the actual ERDA funding flowed through this component has been quite limited, the selection of studio facilities by some grant recipients has been of concern to a few of the larger established studios. Specifically, these studios complain about being under cut by small "garage operations" which, in their view, lack the equipment necessary to produce professional demo tapes. While it is clear to this study team that CIDO should not interfere in the competitive market for sound recording studios, it is also clear that the quality and commercial viability of demo tapes should be a principal objective of this program. CIDO has in effect addressed these concerns by its recent changes to the program guidelines for sound recordings

as approved by management committee. CIDO has put in place specific studio criteria defining a "Manitoba sound recording studio" as part of its Manitoba content point system. In the case of demo recordings, the minimum track configuration is to be 16 track, and one inch tape is to be used.

It should be noted that FACTOR uses quite a different approach then that used by CIDO. Specifically, through the New Talent Award program, FACTOR makes grants in the form of studio time by sponsoring studios approved by the agency. FACTOR also makes direct payments to the studios to cover such expenses as engineering fees, tape costs, etc. All other direct costs are the responsibility of the program recipients.

iii) Sources of Financing

Table 15 is an aggregate break-down of 26 demo projects. Based on the experience of these projects the average sources of financing are as follows: ERDA (56%), FACTOR (3%), personal equity (14%) and donated investment (25%), which is essentially free time of musicians. If donated investment is excluded from production budgets, however, it is apparent that the ERDA contributions represent 74 percent of the cash value of the demos produced.

TABLE 15

SOURCES OF FINANCING OF 26 DEMO RECORDINGS,
1987/88 and 1988/89

	ERDA	FACTOR	Personal Equity	Donated	Budget
1987/88 (24 demos)	30,322	3,000	2,081	22,227	57,580
1988/89 (12 demos)	24,142	--	13,705	2,671	40,524
Total	54,464	3,000	15,786	24,898	98,104

SOURCE: CIDO

Our consultations with individuals in the Manitoba music industry determined that some believe that demo grant recipients should be required to raise a portion of the financing as a prerequisite to accessing ERDA funds. Such a practice would reduce the number of applicants and increase the commitment of those that do receive funding to marketing their demos.

iv) Marketing of ERDA-funded Demos

Although it is clearly too early to fully assess the impact of the Demo Fund, the survey of program participants carried out by CIDO provides an indication of the impact of the program on artists who have accessed the Demo Fund. CIDO received responses from 18 of the 23 artists it mailed its questionnaire to. Among the survey findings are the following:

- On average 38 copies of the ERDA-funded demos were sent out by the artists. Record companies were the principal recipients of these tapes as 78 percent of the artists reported that they sent demos to these companies, followed by booking agents (50%), radio stations (50%) and music publishers (33%).

- When asked whether the demo had advanced their careers, 94 percent responded favourably. In addition, artists reported additional bookings (50%), letters of intent from record companies (56%), offers of recording contracts (33%) and radio airplay (39%). Most of the recording contracts are with small independent labels based in Manitoba. It should be mentioned, however, that some respondents indicated that it was too early to assess the impact of their demos.

- Some of the surveyed artists reported that their skills had improved as a result of recording a demo in a professional studio. As a result of the program, others indicated that the experience of recording a demo had encouraged them to record an independent self-financed sound recording.

- Perhaps the success story of the demo program is that of Monuments Galore. This act sent its demo to a top U.S. producer, Mitch Easter, who was so impressed with the demo that he subsequently produced the act's album in Winnipeg. The act is now reported to have been signed to CBS Records.

These survey findings suggest that the Demo Fund is having a positive impact on the careers of Manitoba artists.

Expectations for this program should not be set too high. The supply of sound recordings vastly exceeds the demand by record companies, and this means that only a minute percentage of demos produced will ever result in a recording contract with a major recording company, or a large Canadian independent label. These companies are inundated with demos, making it extremely competitive for recording artists who produce demos. Such companies receive upwards of 500 demos per year with many receiving well over a 1,000 per year. The production of demo recordings should be viewed as only one element of a larger strategy to develop the careers of Manitoba artists.

10.5 Music Video Fund

This program was established to encourage the production of music videos by the Manitoba recording industry. The music videos funded by this project must feature sound recordings of Manitoba artists on a recently, or soon-to-be commercially released recording. Funding is in the form of a contribution which is set at no more than 50 percent of a project's total costs, to a maximum of $15,000 per project (and up to $20,000 if the applicant can demonstrate significant benefit to target groups). CIDO also evaluates applications for funding based on the potential of the music video to gain access to commercial outlets such as MuchMusic, CBC, and Video Hits. This program is open to a wide range of applicants, as long as the project is designed to promote a sound recording by a Manitoban.

It should be mentioned that in practice music videos represent an expensive promotional vehicle for the Canadian sound recording industry. Music videos generate minimal income and are used almost exclusively to market discs and tapes. For major pop and rock releases they have increasingly come to be seen as a necessity, reflecting the increased popularity of music video programming on specialty and conventional television services.

Table 16 shows that the funding made available through the Music Video Fund has been extremely limited. Only two music videos were funded in 1987/88 and none have been contracted or approved in 1988/89. Both of these videos featured country performers and one also accessed funding through the national VideoFact program. The extremely limited use of this program makes it inappropriate to draw any conclusions on its impact. Although the demand for funding through the Music Video Fund may increase as more ERDA-funded sound recordings are produced, it is highly unlikely that the $200,000 authorized for this program will be committed by March 31, 1990.

TABLE 16

SUPPORT PROVIDED THROUGH THE MUSIC VIDEO FUND,
1987/88 and 1988/89 (to October 31)

	Number of Projects	CIDO Contribution	Budgets
1987/88 - Contracted	2	$25,891	$57,645
1988/89 -Contracted/Approved	--	--	--
TOTAL	2	$25,891	$57,645

SOURCE: CIDO

10.6 Recording Artists Touring Support Program

This program was designed to off-set the costs associated with touring by Manitoba artists for purposes of promoting sound recording projects. The program is open to a broad range of applicants so long as they are Manitoban or are Manitoba-owned companies and represent a Manitoba recording artist. Access to this program is limited to tours which occur in conjunction with the release of an album.

The use of this program has also been very limited to date. Table 17 indicates that only 4 touring projects have been contracted or approved up to October 31, 1988, representing total ERDA contributions of $32,149, of which $20,149 had actually flowed to applicants. The Franco-Manitoban act, Hart-Rouge, has used this program for a promotional tour in Quebec and has received approval for the funding of a second tour. Clearly, however, the limited use of this program makes it inappropriate to assess its impact at this time. What is also clear is that if the demand for funding through this program continues at the current rate it is also unlikely that the $130,000 authorized for this program will be expended by March 31 1990.

TABLE 17

SUPPORT PROVIDED UNDER THE RECORDING ARTISTS TOURING SUPPORT FUND, 1987/88 and 1988/89 (to October 31)

	Number of Projects	CIDO Contribution	Budgets
1987/88			
- Contracted	1	$10,000	$ 37,830
1988/89			
-Contracted	2	12,149	34,098
-Approved	1	10,000	34,400
-Sub-total	3	22,149	68,498
Total	4	32,149	106,328

SOURCE: CIDO

10.7 Sound Recording Product Marketing Support Program

Financial support in the form of contributions is available through this program for the marketing and promotion of Manitoba sound recordings. The program is directed at such marketing activities as the attendance of Manitoba producers at trade fairs and marketing trips for such purposes as selling licences to Manitoba sound recordings and exploiting the copyrights to musical compositions produced by Manitobans. Financial participation is up to 50 percent of total costs, not to exceed $7,500 per contribution.

Table 18 shows that the support provided under the Sound Recording Product Marketing Support Program up to October 31, 1988 has been extremely limited. Total contracted and approved applications amounted to $17,573, of which $16,098 had flowed to the industry. A review of the projects funded indicates that this program is being used by artist managers and independent labels to attend music industry functions and to meet with record company officials in Eastern Canada. At this point, however, it is not possible to draw any conclusions on the impact of this program.

TABLE 18

SUPPORT PROVIDED UNDER
THE SOUND RECORDING PRODUCT MARKETING SUPPORT PROGRAM,
1987/88 and 1988/89 (to October 31)

	Number of Projects	CIDO Contribution	Budgets
1987/88			
- Contracted	5	$12,289	$29,828
1988/89			
-Contracted	4	4,184	8,492
-Approved	1	1,100	2,200
-Sub-total	5	5,284	10,592
Total	10	17,573	40,420

SOURCE: CIDO

Given that most of the independent labels in Manitoba function as production companies or many artists independently produce recordings, one would expect that the demand placed on this program will substantially increase as more sound recording projects are completed.

10.8 Support for Sound Recording through the Film, Video and Audio Training and Equipment Programs

CIDO has also established four training and equipment programs which are directed at both the film/video and audio industries of Manitoba. As discussed previously in the review of the film and video programs, these include the Workshop Assistance Program, the On-The-Job Training Program, the Professional Development Fund and the Equipment Support Program. These programs are discussed here only as they pertain to sound recording.

Table 19 shows the use of the training programs by the audio community up to June 30, 1988. In financial terms, the CIDO training programs have had a limited impact on the sound recording industry, as only $22,910 can be attributed to audio projects. One project accounts for much of the training funds for sound recording. The "Welcome to the Machine" industry forum hosted by MARIA accounted for $12,000 of the ERDA contributions. This forum was intended to be a high profile catalyst to encourage the development of the Manitoba sound recording industry. The forum was held over a two day period and featured panel discussions, a keynote address by Bruce Allen, seminars and workshops. MARIA brought in a number of key individuals from the Canadian music industry to complement an array of industry representatives from Manitoba. This event drew an attendance of over 300 from Manitoba's music community and was judged by many an extremely successful endeavour. Some industry participants involved with the project believe that the Forum exposed many of the forum's participants to the reality of how the national sound recording industry functions. Outside of this one event, training initiatives in the sound recording industry have been limited.

Under the Equipment Support Program, only one application for audio equipment had been funded up to June 30, 1988. The West End Cultural Centre requested and received an ERDA contribution of $20,000 for the purchase of audio equipment which totalled $44,224. Because this program operates on a one-time only basis and there are few non-profit audio organizations in existence the future demand for audio equipment funding is expected to be low.

11.0 RELATIONSHIP BETWEEN ERDA SOUND RECORDING PROGRAMS AND OTHER GOVERNMENT PROGRAMS

As noted previously, direct fiscal support to the sound recording industry is a new development. Limited funds had been made available to assist in the production of Middle-of-the-Road (MOR) records for airplay for over twenty years through an initiative of Standard Broadcasting (the Canadian Talent Library). A second source of support came into being in 1981 when the Canadian Independent Record Production Association (CIRPA) worked with private radio broadcasters to establish the Foundation to Assist Canadian Talent on Records (FACTOR), which is a non-profit agency originally funded exclusively by private radio which provides production loans and grants to producers of sound recordings. In 1985 these two organizations joined forces and operated with a budget of almost $1,000,000 per year. Since that time a French-language equivalent called MusicAction has been established, along with a funding organization for music videos -- VideoFact.

TABLE 19

SUPPORT FOR SOUND RECORDING PROVIDED
UNDER THE FILM, VIDEO AND AUDIO TRAINING PROGRAMS
1987/88 AND 1988/89 (TO JUNE 30, 1988)

	Number of Projects	CIDO Contribution	Budgets
	#	$	$
1987/88 (contracted)			
- workshop coordination	3	20,500	52,050
- workshop attendance	-	--	--
- on-the-job	-	--	--
- Professional development	2	1,205	3,454
- Sub-total	5	21,705	55,504
1988/89 (contracted)			
- workshop coordination	-	--	--
- workshop attendance	3	259	259
- on-the-job	1	500	1,000
- Professional development	1	--	--
- Sub-total	4	759	1,259
1987/88 & 1988/89 (to June 30, 1988)			
- workshop coordination	3	20,500	52,050
- workshop attendance	3	259	259
- on-the-job	1	500	1,000
- Professional development	2	1,205	3,454
- Sub-total	9	22,910	58,958

SOURCE: CIDO

When the Minister of Communications announced the federal Sound Recording Development Program (SRDP) in May, 1986, these existing funding organizations in the sound recording industry were chosen to administer SRDP funds in the areas of record production, music video production, foreign tour support and radio syndication. Other SRDP funds are administered by the Canada Council and DOC. The total budget of the SRDP is $25 million over five years and 60 percent of the fund is targeted at English-language recordings, with the remainder being directed to French-language recordings.

Experience has shown, however, that Manitoba is receiving only a very small proportion of SRDP funding. According to data provided by the Depart of Communications, total SRDP expenditures by FACTOR, MusicAction, Canada Council and DOC in Manitoba are as follows:

1986/87	1987/88	1988/89
$30,000	$78,500	N/A

Discussions with Manitoba producers of sound recordings indicate that the limited FACTOR and SRDP funding being made available to Manitoba is a serious concern. Many are frustrated with the time and effort required to apply for FACTOR funding, and the limited results such activity generates. According to information released by FACTOR on its 1987/88 operations, there were no Manitoba record companies in its Multi-Project Funding Program; none of the applications submitted from Manitoba producers for FACTOR loans for sound recording projects were approved; only three Manitoba artists received New Talent Awards; and only one application for music video funding was approved. These statistics provide some indication of the difficulty involved in accessing FACTOR funding. In fact, one act, the bilingual Hart-Rouge, eventually accessed funding through MusicAction after its application for a FACTOR loan was refused.

Looking at Manitoba's access to FACTOR funding relative to the recording industry nationally, for the fiscal year ending March 31, 1988 FACTOR reports that one percent of the 469 applications it received for loan assistance to produce sound recordings came from Manitoba, that is five applications and, as noted above, none was funded. In the case of assistance to support the production of demos, two percent of the 523 applications FACTOR received came from Manitoba, while four percent of all demos which received support were from Manitoba.

Among the reasons contributing to the limited SRDP funding being made available to the Manitoba sound recording industry is the tremendous demand placed on the funds from across Canada. As noted previously, only a small percentage of FACTOR applications are approved and the organization typically commits all of its funds early in its fiscal year and subsequently must refuse applications from any source. Other reasons for the situation include the limited development of the Manitoba sound recording industry relative to the industry in Toronto, where most of the major independent labels are based; the fact that none of the 128 juries in 1987/88 were held in Winnipeg; and the eligibility criteria for some FACTOR programs, which effectively exclude the participation of Manitoba labels. With respect to this last point, access to the Multi-Project Funding Program requires that applicants have been doing business on a national level with at least a two year track record, and have an active artist roster. Clearly, at this time no Manitoba record company could meet these criteria. It should be mentioned, however, that FACTOR is making efforts to broaden its activities to include more participants from Eastern and Western Canada. FACTOR established a regional office in Vancouver and has held juries in Vancouver, Calgary, Edmonton, Moncton and Saskatoon.

The ERDA sound recording programs were designed taking into consideration programs made available through FACTOR, and this is evident in the similarity of the ERDA and FACTOR programs. For example, both CIDO and FACTOR provide producers of sound recordings with assistance in the form of loans repayable

out of future earnings, and both provide grants to artists for the production of demo recordings. CIDO has also used application deadlines which complement those of FACTOR. In other respects, however, the overall coordination of these two agencies is limited. Jury assessments are carried out completely independently of each other.

12.0 ADMINISTRATION AND DESIGN OF THE ERDA SOUND RECORDING PROGRAMS

The comments presented here pertain only to the administration of the sound recording programs. The more general observations of the operations of CIDO were discussed previously in the review of the ERDA film and video programs.

With only a few exceptions, all of the individuals active in the Manitoba sound recording industry interviewed for this evaluation responded very positively to the ERDA sound recording programs and the administration of these programs by CIDO. Most felt that the programs were long overdue and they are generally very interested in the establishment of a long-term support program for the Manitoba sound recording industry. The views of program participants and others involved in the industry on the ERDA sound recording programs are summarized in the following paragraphs.

- It was generally felt that the mix of programs suits the needs of the industry at this time. The existence of production, marketing and training funding was seen as appropriate. Interviewees were also supportive of the overall project orientation of the ERDA sound recording programs. Some, however, were uncertain as to the consistency of this orientation with the objective of building the Manitoba sound recording industry through encouraging the development of Manitoba-based record companies. These individuals feel that if stronger labels are established then the potential to market and distribute the recordings of Manitoba artists on a national basis will be greatly enhanced. Further, they indicated that by directing too much attention to the production of sound recordings, the effect will be to unrealistically raise the expectations of local artists.

- Most people interviewed believed that the existing program guidelines are reasonable, as are the maximum ERDA contributions per project. While some would like to see CIDO's contribution extend beyond the current maximum of $20,000, it was generally felt that CIDO should not concentrate on high risk recordings. Some believe that funding for demos is occurring too quickly and that applicants should be required to make a cash contribution to their projects.

- The process involved in applying for funding was generally judged to be good. Program participants indicated that application forms are reasonably clear and that the expectations placed on them are well understood. Most felt that CIDO is extremely responsive to their questions and concerns and appreciate the ease with which they are able to meet with CIDO staff.

- Few criticisms were directed at the jury system. Most people felt that the juries had been reasonably fair in their decisions and open to a broad range of different types of music. Some believed that the juries have generally given the "benefit of the doubt" to the artist or acts applying.

- Most industry participants reported that CIDO has succeeded in promoting its sound recording programs throughout Manitoba. This has been accomplished through the MARIA forum, word-of-mouth and good media coverage. Moreover, radio programmers, managers of recording studios and record distributors appear generally to have a detailed knowledge of the ERDA sound recording programs and the projects funded.

- The major criticism of the ERDA sound recording programs is the perception that CIDO is unnecessarily bureaucratic and that it requires an onerous amount of paper work to fund a project. Some also complained that delays between project approval and the receipt of funding are too long. A few program participants interviewed also expressed concern about CIDO's contracts and believe they could be streamlined. These individuals believed that the demands placed by CIDO on program participants exceed those of other funding agencies such as FACTOR or the Canada Council.

Generally, however, most people interviewed emphasized the positive aspects of CIDO and the sound recording programs. The general feeling is that the ERDA sound recording programs are critical to the ongoing development of the sound recording industry and that a long-term program is needed.

13.0 CONCLUSIONS AND RECOMMENDATIONS

As noted previously, it is premature to carry out a comprehensive evaluation of the ERDA sound recording programs. These programs have been in place for just over a year and only a handful of sound recordings have been completed. These recordings have planned releases of either late 1988 or early 1989, or their producers have not yet arranged for the marketing and distribution of the recordings. The limited period of operation of the programs also makes it too early to formulate recommendations for changes to the programs at this time. What can be accomplished, however, is to provide some general direction concerning the continued operation of the programs.

What is apparent from the experience to date is that CIDO has succeeded in increasing, in a very short period of time, the level of sound recording activity in Manitoba. CIDO has also provided a number of artists, producers, artist managers and independent labels with opportunities to produce sound recordings and market these sound recordings. The real tests of the effectiveness of the ERDA programs, however, have not occurred yet.

The first test will be the extent to which ERDA funded sound recordings receive adequate distribution and marketing in Manitoba and in the rest of Canada. The prerequisite to passing this test is the involvement of record companies or independent labels committed to releasing and promoting Manitoba sound recordings, which can distribute discs and tapes on a national basis either through a distribution arrangement with a major record company or an independent national record distributor.
Once in the market, the key factor will be the market performance of the Manitoba sound recordings.

The second test will be the extent to which the production of ERDA funded sound recordings provides a basis for building the industry itself, particularly Manitoba-based record production companies and independent record labels. The danger exists that at the end of the exercise the ERDA funding will have generated a significant amount of production activity in local recording studios and will have advanced the careers of Manitoba artists and their respective management companies, but will not have helped effectively to build record companies with the skills and resources required to originate, finance, market and exploit sound recordings produced by Manitoba artists.

In stating the above, it is fully recognized that the ongoing development of the Manitoba sound recording industry is going to be dependent on a few basic factors: namely, the development of artists with the ability to produce commercially viable material and, engineers and producers capable of producing marketable sound recordings; and, record companies capable of marketing and distributing these recordings with access to the national market.

Recommendation #24

As in the case of the Film/Video programs, support under the Agreement should be extended to March 31, 1992. An evaluation should be carried out in 1991, as a basis for decisions on future support, with this evaluation focussed on the extent to which ERDA-funded sound recordings are being signed to record companies and distributed nationally. Of particular concern should be the extent to which the production activity attributed to ERDA funding is encouraging the development of Manitoba record production companies and independent labels.

Recommendation #25

Once an assessment has been done of the extent of funding that will remain available for the sound recording industry from the original allocation in the Agreement, sufficient additional funding should be allocated to permit the provision of $600,000 in 1989/90, $660,000 in 1990/91 and $725,000 in 1991/92 (inclusive of administrative expense) for sound recording industry support programs provided under the Agreement.

Recommendation #26

As proposed in Recommendation #3 in relation to the film and video industry, funding for the sound recording industry proposed should come from a consolidated amount provided for Components 3, 4 and 6 combined, with the division of federal and provincial shares based on the overall ratio of federal and provincial support in Components 3, 4 and 6 combined.

Recommendation #27

CIDO should direct greater attention to assessing the potential of applicants to both market sound recordings and to gain national distribution. Such assessments should be considered in all funding decisions. The track record of an applicant and his or her marketing/distribution plans should be reviewed as part of this assessment. Applicants should also be encouraged to make marketing and distribution arrangements prior to production where possible. Special consideration should be made for projects where specialized distribution channels are used.

CIDO should also begin to direct its attention to developing a strategy for encouraging the development of existing record production companies and independent labels. For example, it may be determined that companies with a proven track record should be allocated a predetermined level of production funding without the intervention of a jury. Such an approach could be developed in consultation with Manitoba companies producing recordings on an ongoing basis.

Recommendation #28

The Recording Production Fund and the Demo Fund program should be modified to encourage greater contributions from private sources. Funding made available through the Demo Fund should be made available on a matching basis. The practice of including "donated investment" in the calculation of sound recording budgets should be reviewed and a ceiling placed on the eligibility of such costs.

PART IV

CONCLUSIONS AND SUMMARY OF RECOMMENDATIONS

PART IV

CONCLUSIONS AND SUMMARY OF RECOMMENDATIONS

14.0 CONCLUSIONS

Both film and video, and sound recording have reached a crucial stage in their development. In the case of the film and video industry, which has been receiving support under the Agreement since 1985/86, Manitoba's producers have already demonstrated that the potential does exist for the development of substantially expanded production in the province. Nevertheless, over the past year or two the limited availability of timely assistance from Telefilm Canada, which is essential for most productions, has been a major factor substantially slowing the rate of progress being made. While the CBC has so far been very co-operative in encouraging Manitoba producers, and has exhibited a number of such productions on its English television network, it remains to be seen how consistent that interest and commitment will be.

In the case of the film and video industry, it is essential over the next three years to permit a steady volume of production to proceed. Such a development will require, as indicated in this report, greater flexibility in the CIDO/Film Manitoba guidelines, a more predictable level of participation from Telefilm, the further development of CBC's involvement, the co-operation of the NFB, as well as the support of private broadcasters and the CRTC through its regulatory policies. Nevertheless this follow-through would be consistent with the major new broadcasting and film policy initiatives announced by the federal government in 1988. Progress should be easier within the more supportive environment these new policies are intended to create for regional cultural expression and the growth of the cultural industries in centres outside Ontario and Quebec.

It should remain a goal to see that the original target of $2 million annually in support through Telefilm Canada is achieved. This would still represent a very small percentage of Telefilm's budget. Similarly in the case of the CBC the original 1984 study suggested a target of $1 million annually in CBC financial involvement in Manitoba productions. That still appears a reasonable objective. It is imperative that it be understood that without this involvement of Telefilm and CBC, the ERDA initiative is unlikely to succeed. This dependence on these agencies is, of course, not unique to Manitoba producers.; but, rather, represents the reality of Canadian film and video production nationally.

In the case of Manitoba's sound recording industry, support has been available for a much shorter period. However, there has been a remarkable amount of activity in response to the support offered. Here, as in the film and video industry, it is essential that the initiative continue long enough to test the potential. Program management needs to be carried out within the framework of a realistic strategy to strengthen the structure of the industry, as well as to increase production activity.

In Recommendations #3 and #24 we have proposed specific levels of funding for the period 1989/90 to 1991/92. In order to clarify the premises behind those budget figures, Table 20 indicates the levels of funding by activity which were assumed in arriving at the proposed levels of funding. The table consolidates Film Manitoba and CIDO budgets, providing total budget levels for all CIDO operations related to film, video and sound recording.

TABLE 20

PROPOSED FUNDING LEVELS FOR ALL CIDO OPERATIONS RELATED TO FILM, VIDEO AND SOUND RECORDING, 1989/90 TO 1991/92
($000's)

	1989/90	1990/91	1991/92
Film/video development and production	1,500	1,650	1,815
Sound recording (all components)	480	528	580
Marketing	125	138	151
Training	250	275	302
Locations	75	82	90
TOTAL PROGRAM	2,430	2,673	2,937
ADMINISTRATION	486	535	587
TOTAL	2,916	3,208	3,524

The budget figures suggested above assume that the Management Committee would be free to shift resources from one program component to another. If these proposed budget levels are accepted, every effort should be made to ensure that CIDO has the necessary flexibility to make productions happen, so that there will not be continued underspending, as there has been in the past two years. Equally, every effort must be made to ensure the essential on-going co-operation of the federal cultural agencies and programs.

As indicated earlier in the text, the extension of the Agreement which is proposed would permit a full five years of program assistance to be delivered to these industries before further decisions are made as to an appropriate longer term policy.

15.0 SUMMARY OF RECOMMENDATIONS

Recommendation #1

Given that the programs being provided under the Agreement remain relevant to government policy objectives, have achieved significant results up to the present time, and are still necessary, it is recommended that they be continued.

Recommendation #2

Given that only a minority of program funds have been committed; that the Components 3 and 4 programs have only been in effect since 1987/88; and that major changes have recently been announced in federal film and broadcasting policy which will affect production in Manitoba, it is recommended that the existing Agreement be extended to March 31, 1992, with an assessment being carried out in 1991 as a basis for a decision on how to proceed beyond that date.

Recommendation #3

Once an assessment has been made of the extent of funding that will remain available for the film/video industry from the original allocations in the Agreement, sufficient additional funding should be allocated to permit $7.6 million to be made available for film and video support programs under the Agreement between 1989/90 and 1991/92.

Recommendation #4

Through the period of extension proposed for the Agreement, the levels of funding agreed to for Components 3, 4 and 6 should be combined based on an agreed division of federal and provincial financing which would apply equally to all components. The Management Committee should then be permitted to adjust the allocation among the three principal components and the related programs based on an assessment of needs and opportunities.

Recommendation #5

Pursuant to the integration of the financing arrangements for Components 3, 4 and 6 of the Agreement a common, integrated set of guidelines should be developed for programs provided through CIDO, replacing the separate CIDO and Film Manitoba guidelines. The drafting of these guidelines should provide for greater flexibility than existed in the past, and should take account of the comments and proposals concerning existing programs contained in this report.

Recommendation #6

Information systems should be expanded to provide accessible and accurate detailed information on:

a) financial components of productions;
b) Company files with incorporation documents, financial statements, etc.;
c) Reports on the status of applications within the system or anticipated to be submitted;
d) Reporting requirements for productions in distribution, issuance of reminders, follow up on overdue reports on revenues, maintenance of default list, etc.;
e) Manitoba "point" system and use of Manitobans in all "point" positions.

The maintenance and on-going use of such detailed information would improve CIDO/Film Manitoba management and planning, provide the basis for a provincial database for government and industry use, and support efficiencies and business standards within the industry.

This expansion should be implemented with the least demands possible on individual applicants for additional copies or forms. (Refer to recommendation #8)

Recommendation #7

Contracts for development, production and distribution financing should be streamlined to separate the non-negotiable standard clauses as schedules to the contract for the specific project. This would reduce workload in the preparation of contracts and reinforce effective business practices.

Training and professional development assistance should be subject to "letters of agreement", rather than contracts, when the assistance is being awarded to individuals. Current contracts are onerous and bureaucratic for the amount of funding involved.

Seminars on the legal requirements of financiers and investors such as CIDO/Film Manitoba should be held, possibly in conjunction with other institutional investors such as Telefilm Canada, to familiarize producers with standard contractual obligations.

Recommendation #8

Application forms currently in use are cumbersome, multi-copy documents. Once current supplies are used up, new forms should be designed which facilitate provision of information. Multiple copies required by CIDO for internal use should be the responsibility of CIDO where possible. Information requested in the application forms is standard for the industry, and appears generally to be required.

Recommendation #9

French language services must be adequately provided by CIDO. This will require employing, at least on a part-time basis, project consultants as well as marketing consultants familiar with French language markets. Currently, French language scripts cannot be given equal analysis and support by CIDO, and producers are by necessity forced to make their applications in English.

Contracts have been translated into French, but have not been verified with appropriate legal experts at either Telefilm Canada or the SOGIC in Quebec. Application forms should also be available in French.

Recommendation #10

Staff position descriptions and workload obligations should be reviewed and the results employed in discussions with the CIDO Advisory Committee on measures required to address current weaknesses in management/adminstration. These weaknesses include:

a) external perception of size of staff exceeding efficiency of decision-making and program delivery;
b) inability to process French language applications;
c) absence of marketing/distribution expertise (refer to recommendation #14); and
d) inadequacy of script analysis/executive producer expertise within CIDO.

Discussions with the Advisory Committee should focus on options for addressing these weaknesses when professional expertise may not be available from within the Manitoba industry. It is not suggested that the Advisory Committee should itself be involved in the review.

Recommendation #11

Targets should be set for the purpose of limiting CIDO's administrative expenditures as a percentage of total costs to a maximum of 20 percent of total expenditures. The immediate objective should be to reduce such costs to 20 percent of CIDO's expenditures in 1989/90.

Recommendation #12

Financial ceilings set for both CIDO and Film Manitoba programs are too inflexible and often contradictory. Increases beyond the "normal" ceiling are tied to usage of target groups, creating added complexity. Ceilings should be increased within more realistic guidelines which provide for flexibility and accountability.

Development ceilings should allow substantial funding for development where packages of eligible projects are being undertaken by experienced producers with a track record of successful development. The current policy, which permits cross-collateralizing in the recovery of development financing should be reviewed in the context of policies in other provinces, and with a view to supporting a greater portion of the risks now facing Manitoba producers.

Production ceilings within the various programs should be made consistent and non-prejudicial to local producers, and should place Manitoba producers on an equal footing to those in other provinces, particularly in Western Canada.

Annual targets should be set and made know to the industry establishing goals for expenditures on development and production. These should be reviewed during the course of the year with the Advisory Committee, and adjustments announced to deal with changes in the larger industry environment which might prevent these targets from being achieved.

Recommendation #13

Deferrals of fees and salaries by members of a production are an acceptable, if unfortunate, method of completing the financing of a project. CIDO's current practise of restricting deferrals in calculating the base project financing on which its financial participation will be determined ignores the legitimacy of deferrals and the sacrifice being made by the producers and/or crew.

Deferrals should be recognized by CIDO. Treatment of deferrals either in calculating CIDO financial participation or in allowing privileged recoupment ahead of CIDO, would support the industry in financing projects in a difficult environment.

Recommendation #14

Marketing/Distribution

Overlaps and confusion both internal and external with respect to the marketing/distribution support available from CIDO and Film Manitoba should be eliminated. This recommendation relates to those below on Locations and Training.

The two programs should be combined and given clearer focus. Funds should be set aside to cover industry activities such as:

a) marketing efforts to obtain pre-sales being undertaken by Manitoba producers on projects in development;
b) promotion and distribution of finished products by Canadian but not necessarily Manitoba distributors and sales agents; and
c) audience development within Manitoba;

Wherever possible, marketing efforts aimed at pre-sales should be covered within development budgets, rather than as separate applications. Individuals attending Canadian festivals and markets should not be supported in an indiscriminate manner under Training but as part of a planned strategy developed in conjunction with industry associations.

Fundamental to this recommendation is the provision by CIDO of sound, experienced marketing advice, both internally and to the industry itself. Professional expertise in this critical area must be obtained in order that the program consolidation and implementation can be undertaken.

Recommendation #15

Special Projects/Series: CIDO Production Funding

These two programs are under-utilized and at present permit access to substantial funding for projects which do not involve Manitoba producers. At a minimum, the two should be combined, with ceilings that are consistent with those set for Film Manitoba, and should require a Manitoba co-producer. Co-ventures with producers in other western provinces should be encouraged, preferably through negotiating reciprocal agreements with funding agencies in other western provinces.

A more global approach would involve the combining of CIDO and Film Manitoba production financing (a portion of which would be available for development) which would make provision for the recognition of co-productions between Manitoba producers and producers from other provinces who can also obtain provincial financing from their own province.

Recommendation #16

Non-theatrical Production Financing (CIDO)

Also under-utilized, this program should be reviewed in conjunction with the new financing now available from the Department of Supply and Services at the federal level, to ensure that Manitoba producers of non-theatrical products are supported.

Should all production financing available from CIDO be collapsed into one broad program as suggested above, a non-theatrical element should be included.

Recommendation #17

Locations Service

This CIDO service should be down-graded and maintained with a primarily "Canadian" focus. It is unlikely, given the established locations services in competing provinces and the preference of "off-shore" productions for locations with experienced crews, that Manitoba can at present carve out a significant locations activity.

While not neglecting the economic benefits which "off-shore" productions can bring to the local industry in terms of employment and spin-off service industries, the effort currently being placed by CIDO on locations is not justified by the results. Further, the general downswing in location shooting being experienced elsewhere in Canada does not bode well for the immediate future in developing Manitoba as a location.

It would be better to concentrate on developing and marketing local projects which will serve the longer term stability of the industry, and establish continuing indigenous demand for crews and facilities, than compete at this stage with the recognized success of British Columbia, Ontario, Quebec and Alberta.

Recommendation #18

Equipment Acquisition Funding

This program is currently focussed on non-profit organizations which are also supported by the arts councils. While not seeking to hamper the development of these organizations which play such a strong role in the Manitoba industry, the program should be expanded to assist producers of commercial product to acquire information systems, hardware and software such as production accounting systems to improve their business capabilities.

Recommendation #19

Training/Professional Development

Acknowledging that these CIDO programs have limited exposure, their number and complexity are evident and require streamlining. It is suggested in both Recommendations #7 and #14 that measures taken should also improve delivery of training and professional development support. These suggestions are repeated here for greater emphasis on focussing this CIDO support.

Training/Professional Development programs should be reviewed with the Advisory Committee with a view to simplifying the number of programs and eliminating overlaps with other assistance programs. This review should examine the feasibility of structuring support along the following lines:

a) Workshops, Seminars, Special Events

Based on an annual program to be designed in conjunction with the industry associations, CIDO funding could be made available to sponsor organizations covering both the costs of bringing in outside expertise for seminars and workshops, and subsidizing attendance by Manitoba industry members. This would simplify administration by CIDO and increase industry-based innovation and accountability.

b) Professional Development (i.e. assistance to individuals)

Assistance should be limited to individuals seeking genuine professional development in a defined program, either through attendance at a course or in an apprenticeship arrangement. Attendance at seminars being held in conjunction with festivals and markets should be dealt with separately, either through associations which select producers from their membership, or through development of packages or projects submitted by individuals producers.

c) On-the-job Training

This important area for developing Manitoba industry skills and experience should be brought into focus with better program delivery methods. Fewer trainees per production would facilitate improved and more controlled training. Orientation of trainees should be required before the production begins, involving the key experienced professionals assigned to train. More rigorous selection of trainees should be undertaken by CIDO and the industry associations representing the trainees, in conjunction with the producer. Better evaluation procedures should be established allowing for evaluation of both the training experience and the program itself by trainees and producers involved.

Recommendation #20

CIDO should play a more active role in helping the industry identify federal sources of assistance in related areas, and in getting access to these sources. Whether it is Telefilm Canada financing, or funding from other federal departments and agencies, Manitoba industry members cannot succeed in financing productions or in developing their skills without complementary support to that available from CIDO.

CIDO's advocacy role being suggested here should be carried out with regard for the increasing profile being taken by industry associations in the province, and wherever possible, CIDO should transfer its acquired information base to the associations. In time the associations themselves should be encouraged to take on responsibility for information dissemination, with CIDO maintaining its new proactive advocacy for projects in which it is participating financially.

Recommendation #21

Telefilm Canada is critical to the success of CIDO's objectives and to the success of Manitoba independent production. Manitoba producers are faced with being equidistant geographically from the Telefilm offices in Toronto and in Vancouver. At present, Telefilm's Vancouver office is responsible for projects from Manitoba; however, services being provided to Manitoba do not appear to be more efficient than in the past when they were provided from Toronto.

The demand for a Telefilm office in Manitoba has declined. Nonetheless, fast and more focussed service from Telefilm is required, involving better planning for Manitoba projects. Telefilm staff should be physically present in Manitoba on a regular basis, allowing producers to meet with them without incurring the cost of trips to either Toronto or Vancouver.

Recommendation #22

Representatives of Telefilm Canada, the CBC and the NFB should be invited to participate in an appropriate capacity in the Steering Committee process, in order to assist in establishing reasonable budget levels and making appropriate changes to program guidelines.

Recommendation #23

Consideration should be given to providing financial assistance toward the operations of the Manitoba Motion Picture Industries Association.

Recommendation #24

As in the case of the Film/Video programs, support under the Agreement should be extended to March 31, 1992. An evaluation should be carried out in 1991, as a basis for decisions on future support, with this evaluation focussed on the extent to which ERDA-funded sound recordings are being signed to record companies and distributed nationally. Of particular concern should be the extent to which the production activity attributed to ERDA funding is encouraging the development of Manitoba record production companies and independent labels.

Recommendation #25

Once an assessment has been done of the extent of funding that will remain available for the sound recording industry from the original allocation in the Agreement, sufficient additional funding should be allocated to permit the provision of $600,000 in 1989/90, $660,000 in 1990/91 and $725,000 in 1991/92 (inclusive of administrative expense) for sound recording industry support programs provided under the Agreement.

Recommendation #26

As proposed in Recommendation #3 in relation to the film and video industry, funding for the sound recording industry proposed should come from a consolidated amount provided for Components 3, 4 and 6 combined, with the division of federal and provincial shares based on the overall ratio of federal and provincial support in Components 3, 4 and 6 combined.

Recommendation #27

CIDO should direct greater attention to assessing the potential of applicants to both market sound recordings and to gain national distribution. Such assessments should be considered in all funding decisions. The track record of an applicant and his or her marketing/distribution plans should be reviewed as part of this assessment. Applicants should also be encouraged to make marketing and distribution arrangements prior to production where possible. Special consideration should be made for projects where specialized distribution channels are used.

CIDO should also begin to direct its attention to developing a strategy for encouraging the development of existing record production companies and independent labels. For example, it may be determined that companies with a proven track record should be allocated a predetermined level of production funding without the intervention of a jury. Such an approach could be developed in consultation with Manitoba companies producing recordings on an ongoing basis.

Recommendation #28

The Recording Production Fund and the Demo Fund program should be modified to encourage greater contributions from private sources. Funding made available through the Demo Fund should be made available on a matching basis. The practice of including "donated investment" in the calculation of sound recording budgets should be reviewed and a ceiling placed on the eligibility of such costs.

APPENDICES

APPENDIX A

LIST OF INDIVIDUALS INTERVIEWED

Film and Video

Production:

Winnipeg Film Group: Greg Klymkiw, Bruce Duggan, Guy Madden
Credo Group: Derek Mazur
Wayne Finucan Productions/Location Video Advertising: Wayne Finucan
Dueck Productions/Albert Productions Inc.: David Dueck & Toni Dueck
O'Meara Productions: Gabriel Markiw & Jancarlo Markiw
Westend/Braehead/Merit Motion Pictures Inc.: Merit Jensen
Audience West Films Ltd.: Neil McInnis & Kathy McInnis
Lank/Beach Productions: Barry Lank & Ann Poten
Studio Forest Inc./Les Productions de la Seine: Claude Forest
Theta Productions: Alan Lawrence & Pat Onysko
John Aaron Productions: A. Kim Johnston
Cameraction: Leo Foucault
Riverain Productions: Joan Scott & Elise Swerhone
Alan Pakarnyk Productions: Vonnie Von Helmolt
Video Pool: Gerry Kisil
Native Multi Media: Don Marks
Real Special Productions: Daile Unruh
Native Communications Inc.: Ron Nadeau & Henry Wilson

Broadcasters:

CBC: Marv Terhoch & Robert Lowe
CKND: Stan Thomas
CKY: Rod Webb
MTV: Drew Craig

Agencies:

NFB: Ches Yetman & Joe MacDonald
Manitoba Arts Council: Marlene Neustaedter
Canada Council: Francoyse Picard
Telefilm Canada: Bill Gray

Legal:

Buchwalf, Asper, Henteleff: Richard Shead

LIST OF INDIVIDUALS INTERVIEWED (continued)

Manitoba Industry:

ACTRA: Susan Robinson
Manitoba Film Producers' Association (MFPA): Daile Unruh
Manitoba Motion Picture Industry Association (MMPIA): Shaunna O'Brien-Moran
Association of Canadian Film Craftspeople (ACFC): Andrew Koster
CIDO Advisory Committee: Shereen Jerrett

Federal Department of Communications: Robin Jackson, Tom Caplan, Diane Janzen

CIDO: Jimmy Silden, Ralph Friesen, Devan Towers, Bob Rodgers, Carole Vivier, Charlotte Hilton, Alana Langelotz

Sound Recording

Direction Four Management and Oak Street Music: Gilles Paquin
Mother of Pearl Records: Jean Miller
Rotifer Records: Tom Sparling
Double Eagle Band: Kerry Renaud
Wolinsky, Liffmann & Wolinsky: David Wolinsky
Century 21 Studios Ltd.: John Hildebrand
CITI-FM: Danny Kingsbury
Native Multi Media Inc.: Don Marks
Canadian Independent Record Production Association (CIRPA): Brian Chater
Shannon Records: Craig Strong
CIDO: Ross Porter
Manitoba Audio Recording Industry Association (MARIA): Ron Lamoureux
Greenhill Productions Inc: Eric Green
Shaw Music Industry Consultants: Mel Shaw
Manitoba Composers Association: Pat Carrabre
Hungry I Agency: Ralph James
CKWG: Bill Gorrie
Wayne Finucan Productions Ltd. and Rayne Music Corp: Wayne Finucan
Maddock Studio: David Romanyshyn
Trillium Recording Centre Inc.: Bob Fuhr
MCA Records Canada: Greg Barrett
DOC Manitoba: Diane Janzen
Independent sound producer: Dan Donahue

APPENDIX B

INFORMAL INTERVIEW GUIDES

FILM AND VIDEO

A. Profile of Company
- verify affiliated companies (active and inactive)
- including number of employees, salaries and wages etc.
- description of activity by category of production, number of projects.
- revenue data, if available.

B. Evaluation of CIDO/Film Manitoba

i) Appropriateness of Programs
- have you ever applied to CIDO/FM for financial assistance?
- if so, specify the program and amount sought.
- if not, do you have need for financial assistance but have decided against using CIDO/FM? (specify reasons)
- are there areas in which your company would benefit from access to financial assistance which is not now available from CIDO/FM? (specify)

ii) Policies and Guidelines
- do you find CIDO/FM policies and guidelines clear and easy to understand? If not, in what areas do you have difficulty?
- Please identify any changes you would recommend in the CIDO/FM policies and/or guidelines.

iii) Procedures and Processing
- If you have applied to CIDO/FM for financial assistance, please comment on the following:
  - Clarity of CIDO/FM procedures and roles of staff.
  - Speed with which application was processed, once all documentation required was submitted.
  - Upon notification of approval of your application, the time delay in receiving funds.
  - Reporting requirements for the release of further payments.
  - Other reporting requirements such as sales, revenues, etc.

C. Future Plans
- number of projects to March 31, 1990
- access to CIDO/Film Manitoba programs
- impact on company's overall corporate activity.

D. Environment - comments
i) market - CBC
- broadcaster
- distribution
- foreign sales

ii) experience with Telefilm Canada

iii) financing - capital cost allowance or other tax incentive
- federal support
- provincial

iv) other

SOUND RECORDING

Studios

1. Description of current activities
- equipment and facilities
- employment
- other involvement in music industry.

2. Number of recordings

	1987	1988 to date
Albums		
Demos		
Singles		

3. How much of studio activity is related to CIDO-backed projects? Growth in revenue?

4. Have facilities been recently upgraded?

5. Perception of strengths and weaknesses of Manitoba sound recording industry, especially

- talent
- management
- producers labels
- distribution

6. What is the potential for expansion? In what areas? What are the key changes required in the industry?

7. What role is CIDO playing?

   - awareness of programs
   - assessment of programs
   - ideas for change

Record Companies, Managers, Producers and Artists

1. Background in industry.

2. Description of current activities
   - include success, awards, etc.

3. CIDO Programs
   - awareness of programs
   - what programs do you participate in? If you have not participated, why?
   - where did you raise additional financing?
   - how necessary was CIDO to project proceeding? How did it affect project?

4. Experience with CIDO Programs
   - relevance of programs
   - guidelines and procedures
   - turn-around times
   - perceived fairness of process
   - impact of CIDO on skills, productivity, etc.
   - suggestions for changes.

5. Future objectives and plans and perceived difficulties in fulfilling them.

6. Strengths and weaknesses of Manitoba sound recording industry especially
   - talent, quality of records
   - management
   - producers/labels
   - distribution
   - marketing.

7. FACTOR
   - opinion of FACTOR's role and importance
   - requests for assistance
   - experience with FACTOR.

8. Expansion potential and plans (for record companies only). (Financing, distribution, etc.)